

CFTC Ex. 541

## **Long Leaf Trading Group**

***Leeny, James 2019-09-16***

***9/16/2019 9:10 AM***

### **Condensed Transcript**

**Prepared by:**

Ashley Burden  
CFTC

Friday, November 5, 2021

<p style="text-align: right;">Page 1</p> <p>1 UNITED STATES OF AMERICA BEFORE THE 2 COMMODITY FUTURES TRADING COMMISSION 3 4 IN THE MATTER OF:                    )                                                   ) 5 LONG LEAF TRADING GROUP, INC.    ) 6 7 8 9 10 11 The examination under oath of JAMES 12 LEENEY, taken pursuant to subpoena and the rules 13 of the U.S. Commodity Futures Trading Commission, 14 reported by Mary Maslowski, a Certified Shorthand 15 Reporter and Notary Public within and for the County 16 of Cook and State of Illinois, at 525 West Monroe 17 Street, 9th Floor, Chicago, Illinois, commencing at 18 the hour of 9:10 o'clock on September 16, 2019. 19 20 21 22 23 24</p>	<p style="text-align: right;">Page 3</p> <p>1 I N D E X 2 WITNESS EXAMINATION 3 JAMES LEENEY 4 By Mr. Burden 5, 132, 192 5 By Mr. Patrick 129, 188 6 7 E X H I B I T S 8 CFTC EXHIBIT MARKED FOR ID 9 No. 1 5 10 No. 82 6 11 No. 83 8 12 No. 84 9 13 No. 85 9 14 No. 86 9 15 No. 87 9 16 No. 88 9 17 No. 89 101 18 No. 90 103 19 No. 91 108 20 No. 92 113 21 No. 93 126 22 No. 94 132 23 No. 95 134 24 No. 96 141 No. 97 143 No. 98 144 No. 99 145</p>
<p style="text-align: right;">Page 2</p> <p>1 A P P E A R A N C E S : 2 3 MR. ASHLEY J. BURDEN, Senior Trial Attorney MS. ELIZABETH M. STREIT, Trial Team Leader MR. JOSEPH J. PATRICK, Investigator 4 U.S. COMMODITY FUTURES TRADING COMMISSION DIVISION OF ENFORCEMENT 5 525 West Monroe Street, Suite 1100 Chicago, Illinois 60661 6 (312) 596-0700 7 8 On behalf of the U.S. Commodity Futures Trading Commission; 9 10 MR. GARY M. SINCLAIR 2043 North Mohawk Street Chicago, Illinois 60614 11 (773) 871-4389 gary@garyslaw.com 12 13 On behalf of the Witness. 14 15 16 A L S O P R E S E N T : 17 18 MR. MATTHEW EDELSTEIN 19 20 21 22 23 CSR License No. 084-003278. 24</p>	<p style="text-align: right;">Page 4</p> <p>1 E X H I B I T S (Cont'd.) 2 CFTC EXHIBIT MARKED FOR ID 3 ** No. 100 156 ** No. 101 164 4 No. 102 174 No. 103 175 5 No. 104 177 No. 105 180 6 No. 106 183 No. 107 185 7 No. 108 192 No. 109 195 8 No. 110 202 No. 111 205 9 No. 112 208 No. 113 214 10 No. 114 217 No. 115 219 11 12 13 14 15 16 17 18 ** NOTE: Exh bit Nos. 100 and 101 are audio files which were not tendered for inclusion in the transcript. 19 20 21 22 23 24</p>

<p style="text-align: right;">Page 5</p> <p>1 JAMES LEENEY, 2 called as a witness herein, having been first duly 3 sworn, was examined and testified as follows: 4 EXAMINATION 5 BY MR. BURDEN: 6 Q All right. Mr. Leeney, I'm Ashley 7 Burden. This is Joe Patrick and Beth Streit. 8 We're officers of the Commission for the purposes 9 of this proceeding. This is an investigation by the 10 United States Commodity Futures Trading Commission 11 in the matter of Long Leaf Trading to determine 12 whether there have been violations of certain 13 provisions of the Commodity Exchange Act and 14 regulations. However, the facts developed in 15 this investigation might constitute violations 16 of other federal or state civil or criminal laws. 17 (Whereupon CFTC Exhibit No. 1 was 18 marked for identification, MM.) 19 Q Prior to the opening of the record 20 you were provided with a copy of the Commission's 21 Statement to Persons Providing Information about 22 Themselves to the CFTC. So I'm handing you a 23 copy of that, which I have marked as Exhibit 1. 24 Mr. Leeney, have you had the</p>	<p style="text-align: right;">Page 7</p> <p>1 calls for production of certain documents responsive 2 to the categories listed on Attachment A. Have 3 you produced to CFTC staff all documents called 4 for by the subpoena? 5 A Yes. 6 Q And where did you find those documents, 7 please. 8 A I found them on my old laptop. 9 Q Got it. Were there any other places you 10 looked for responsive documents? 11 A Yes, I checked a drawer that 12 I keep documents at home as well as my primary 13 work computer. 14 Q And did you check your email? 15 A Yes. 16 Q Did you find any responsive documents 17 in there? 18 A No, I did not. 19 Q Mr. Leeney, have you withheld any 20 documents called for by the subpoena based on any 21 claim of privilege? 22 A No. 23 Q Any documents called for by the 24 subpoena that were not produced for any reason</p>
<p style="text-align: right;">Page 6</p> <p>1 opportunity to read the Statement to Persons? 2 A Yes, I have. 3 Q All right. And do you have any questions 4 about it? 5 A No. 6 Q Mr. Leeney, you're represented by counsel? 7 A Yes. 8 MR. BURDEN: Counsel, will you please 9 identify yourself. 10 MR. SINCLAIR: My name's Gary M. 11 Sinclair, 2043 North Mohawk Street, Chicago, 12 Illinois, 60614, telephone (773) 871-4389, 13 and I guess it's email address these days, 14 gary@garyslaw.com. 15 (Whereupon CFTC Exhibit No. 82 was 16 marked for identification, MM.) 17 BY MR. BURDEN: 18 Q Mr. Leeney, I'm handing you what I've 19 marked as CFTC Exhibit 82. Is this the subpoena 20 pursuant to which you're appearing here today? 21 A I'm sorry? 22 Q Is this the subpoena pursuant to -- 23 A Oh, I apologize. Yes. 24 Q All right. Mr. Leeney, the subpoena</p>	<p style="text-align: right;">Page 8</p> <p>1 other than privilege? 2 A No. 3 Q Do you know of any documents 4 responsive to the subpoena but not provided that 5 were in your possession at any prior time or that 6 were lost, destroyed or otherwise disposed of? 7 A Not that I know of. 8 Q All right. Mr. Leeney, have you -- 9 yeah. When you've finished with exhibits that 10 we've marked, you can just put them in the middle 11 of the table and the court reporter, Mary Maslowski 12 will take them when she goes. 13 A Okay. 14 Q Have you ever given sworn testimony 15 before, Mr. Leeney? 16 A No, I have not. 17 Q All right. So in that case I'm 18 going to go over some rules of the road. I'm 19 sure your counsel went over them in advance of 20 the deposition -- or the investigative testimony, 21 but I'm going to do it again. So, first, when I ask 22 you questions, try to give a verbal response rather 23 than nodding or shaking your head. 24 A Okay.</p>

<p style="text-align: right;">Page 9</p> <p>1 Q And also let's try not to talk over 2 each other. This happens a lot and confuses the 3 record. It's a thing that I do -- 4 A Okay. 5 Q -- really more than anybody. I don't 6 ever want to confuse you or ask you anything you 7 don't understand. So if I ask you a question and 8 you're not sure if you understand it or you're 9 confused, do you promise you'll tell me? 10 A Yes. 11 Q All right. So breaks, if you want 12 to take a break for any reason, you let me know. 13 We'll go off the record. All I ask is that you 14 allow me to finish my line of questioning first, 15 unless of course you need to consult with your 16 counsel for something such as privilege or the 17 Fifth Amendment, all right? 18 A Will you be able to clarify privilege? 19 Q Sure. So if I ask for, you know, 20 a question where the response calls for an 21 attorney-client communication, that would be 22 privileged and you might want to consult with your 23 client about that or if you feel Fifth Amendment 24 jeopardy, you may also want to consult with your</p>	<p style="text-align: right;">Page 11</p> <p>1 2 MR. BURDEN: That's all right. 3 Thanks, Gary. 4 Q So before I talk about Long Leaf 5 Trading, I want to talk a little bit about your 6 personal background. What's the highest education 7 level that you have obtained? 8 A Bachelor's degree. 9 Q And what was that in, please. 10 A Finance. 11 Q And where did you go and when did you 12 graduate, please. 13 A I went to University of Iowa and 14 I graduated in July 2009. 15 Q And what professional licenses do you 16 currently hold, please. 17 A A Series 3 license. I had insurance 18 licenses before. I'm not aware if they expired 19 or not. 20 Q Any other licenses you currently hold? 21 A No. 22 Q Any licenses that you've previously held 23 that have since lapsed? 24 A No, I don't believe so.</p>
<p style="text-align: right;">Page 10</p> <p>1 attorney -- not your client -- about that. 2 A Okay. 3 MR. BURDEN: Gary, did you -- 4 MR. SINCLAIR: Beg your pardon? 5 MR. BURDEN: Did you have something to 6 say there? 7 MR. SINCLAIR: Well, yeah. I mean, 8 you know, you and I talked about the issues 9 with self-incrimination and that type of thing 10 and that obviously things that you and I talk 11 about that are private among us are not 12 generally discoverable. 13 THE WITNESS: Oh, okay. I understand. 14 MR. BURDEN: That's what it means. 15 BY MR. BURDEN: 16 Q All right. So, you know, we're here 17 to talk about Long Leaf Trading. 18 A Um-hmm. 19 Q Before we start talking about that, 20 I want to talk -- 21 MR. SINCLAIR: Make sure when you 22 answer, say yes instead of um-hmm because it's 23 hard for the court reporter to record that. 24 THE WITNESS: Okay, my apologies. Yes.</p>	<p style="text-align: right;">Page 12</p> <p>1 Q All right. So let's talk about 2 your previous employment. When did you start 3 at Long Leaf Trading, please. 4 A So I started at Long Leaf Trading Group 5 in June 2013. 6 Q So what did you do before that, please. 7 A Before Long Leaf Trading Group 8 I was working at a State Farm office in sales. 9 Q Okay. And how long were you at State 10 Farm for, please. 11 A Roughly about a year and a half. 12 Q And what did you do before that? 13 A Before State Farm I worked at an 14 introducing broker, Kingsview Financial, as an 15 associated person. 16 Q And what period of time, please, did you 17 work at Kingsview? 18 A So this -- Kingsview was February 2011 19 until August 2011. 20 Q And why did you leave Kingsview? 21 A I left Kingsview -- I just never made 22 money there, never had clients. 23 Q Got it. So what did you do before 24 Kingsview, please.</p>

<p style="text-align: right;">Page 13</p> <p>1 A Before Kingsview I worked at an 2 introducing broker called Insignia Futures &amp; 3 Options. 4 Q And what period of time was that for, 5 please. 6 A So Insignia was November 2009 until 7 January 2011. 8 Q Got it. So what did you do at Insignia, 9 please. What was your job title there? 10 A I was an associated person. 11 Q And what were your roles at Insignia? 12 A I primarily would help self-directed 13 day trading clients, onboarding, showing them the 14 trading platform. 15 Q Did you provide trading recommendations 16 to those clients? 17 A I did, but the recommendations that 18 I provided were from the owner there. 19 Q And who was that, please. 20 A His name was Joe Fallico. 21 Q How do you spell Fallico, please. 22 A F-a-l-l-i-c-o. 23 Q Did you do trade executions there 24 at Insignia?</p>	<p style="text-align: right;">Page 15</p> <p>1 there. 2 Q Got it. So for the recommendations 3 at Insignia, were these sort of out-of-the-money 4 options, selling things? 5 A Yeah, primarily. 6 Q So how frequently at Insignia -- I know 7 we're going back to Insignia -- would you provide 8 those recommendations to customers? 9 A Not more than a handful of times 10 a month. Maybe even just a few, like one or two 11 recommendations per month. 12 Q And was that sort of every month? 13 A I don't remember if it was like each 14 and every month. There wasn't necessarily like 15 a monthly thing that we did. 16 Q Was it most months? 17 A I would say it was most months, yes. 18 Q And that was for these two to three clients 19 for your entire tenure at Insignia? 20 A Correct. I didn't have my first 21 client until well in my time there, you know. 22 Probably more than six months in there I didn't 23 have an initial client. 24 Q So I think you testified before that</p>
<p style="text-align: right;">Page 14</p> <p>1 A Yes, I believe I did. 2 Q And how did you accomplish those 3 executions? 4 A Electronic execution. 5 Q How many clients did you have at Insignia? 6 A I think I only had two or three. 7 Q Over the entire -- 8 A Yes. 9 Q So Kingsview, same set of questions. 10 What did you do at Kingsview, please. 11 A So at Kingsview I was primarily 12 a prospector. 13 Q What does that mean, please. 14 A So I would call leads, see what 15 market interest someone might have and then give 16 that lead to a senior broker with more experience. 17 Q And was that your role throughout your 18 entire tenure at Kingsview? 19 A Yes. 20 Q And did you provide trade recommendations 21 to prospective clients or clients at Kingsview? 22 A I believe I had one client that 23 I gave recommendations to, but I did not develop 24 the recommendations. That was from someone else</p>	<p style="text-align: right;">Page 16</p> <p>1 the recommendations provided to clients at Insignia 2 came from above you, right? 3 A Yeah. So Joe was the one that would 4 give me, you know, specific positions to give to 5 a client. 6 Q And did all of Insignia's clients receive 7 those same recommendations? 8 A No, he didn't have like a uniform 9 recommendation. He did run a CTA, so I believe 10 the recommendations were taken from the CTA that he 11 ran. 12 Q Got it. So your two to three clients, 13 did they each get the same recommendation? 14 A I don't believe so. I mean, there's 15 some that could have been the same but, yeah, I 16 don't really recall. 17 Q Okay. How did the out-of-the-money 18 option strategies do for the Insignia clients? 19 Did they make money overall or not? 20 A They were making money for a while, 21 and then after the flash crash they lost money. 22 Q So would you say they lost money overall 23 or they made money overall? 24 A I think overall they were down but not</p>

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1 significantly.  
 2 Q And the flash crash was in -- I ought  
 3 to know this.  
 4 A 20 -- it was March of '10, 2010 I think.  
 5 Q All right. Well, March of 2010  
 6 is sort of almost a year before the end of your  
 7 time at Insignia, right?  
 8 A Correct.  
 9 Q Yeah. So how did these out-of-the-money  
 10 options recommendations do for the rest of the year?  
 11 A I don't recall what they were like  
 12 the rest of the year. I may have lost most of my  
 13 clients after the flash crash, but I don't remember  
 14 what I had for the rest of the year. In my time  
 15 at Insignia I do remember there were long periods  
 16 of time not even making a paycheck so ...  
 17 Q All right. So Kingsview, I think  
 18 your testimony is that you didn't -- you maybe  
 19 gave one trade recommendation, right?  
 20 A One that I recall. I remember  
 21 giving a trade recommendation that was given to  
 22 me from a principal there.  
 23 Q Was Kingsview recommending to  
 24 customers that they do these out-of-the-money

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1 option strategies or were they doing something  
 2 different?  
 3 A They were primarily providing  
 4 recommendations for out-of-the-money credit  
 5 spread strategies.  
 6 Q So was that true for Insignia as well?  
 7 Were the recommendations for out-of-the-money credit  
 8 spreads?  
 9 A No. The recommendations at Insignia,  
 10 I do recall them being some naked options, no  
 11 spread. I don't recall if a credit spread was  
 12 used.  
 13 Q But surely they were buying options then  
 14 at Insignia, right, or no?  
 15 A No, they were providing options selling  
 16 recommendations.  
 17 Q All right. So let's talk about  
 18 Kingsview. Did you have any insight into how  
 19 customers were doing with those out-of-the-money  
 20 credit spread recommendations?  
 21 A At Kingsview I did not.  
 22 Q Did you ever ask?  
 23 A No, I did not.  
 24 Q Did anybody ever tell you?

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1 A No, I don't believe so.  
 2 Q So what are you doing now, please.  
 3 A I'm an associated person at an  
 4 introducing broker called Heartland Management.  
 5 Q And what's your role over there, please.  
 6 A I work broker assisted with clients.  
 7 Q When you say you work broker assisted  
 8 with clients, what does that mean?  
 9 A That means I provide recommendations  
 10 to clients.  
 11 Q And who generates those recommendations,  
 12 please.  
 13 A I do. And I also get -- will get  
 14 recommendation ideas from the principal, Nathan  
 15 Coleman, there too.  
 16 Q All right. And are these also  
 17 out-of-the-money type strategies?  
 18 A My strategies I use are usually pretty  
 19 diverse, out-of-the-money strategies, in-the-money  
 20 strategies, calendar spreads.  
 21 Q So it sounds like the recommendations  
 22 that you're providing to clients at Heartland  
 23 Management are more varied. They're not limited  
 24 to out-of-the-money options, right?

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1 A Correct.  
 2 Q All right. So I know we've talked  
 3 about your employment at these IBs, and we'll of  
 4 course devote more attention to Long Leaf Trading  
 5 in a moment, but have you traded options personally?  
 6 A No, I have not.  
 7 Q Why not?  
 8 A I've never had the money to fund  
 9 an account.  
 10 Q Have you ever traded for any friends  
 11 or family members?  
 12 A No, I have not.  
 13 Q Why not?  
 14 A I've always preferred to keep business  
 15 and personal relationships separate.  
 16 Q All right. So let's turn to Long  
 17 Leaf Trading. I want to talk, if we could, sort  
 18 of generally about what Long Leaf Trading does and  
 19 then about what you did there, and then we can drill  
 20 down with some documents.  
 21 A Okay.  
 22 Q All right. And I think my interest  
 23 during the morning session will primarily be on  
 24 recommendations and how they're generated, but we'll



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1 get there, and then we'll do sales stuff in the  
 2 late morning or the early afternoon.  
 3 A Okay.  
 4 Q All right. So you testified that  
 5 you started at Long Leaf Trading in June of '13,  
 6 right?  
 7 A Correct.  
 8 Q And when did you leave Long Leaf Trading?  
 9 A I left Long Leaf Trading in September 2017.  
 10 Q And why did you leave?  
 11 A I left because I didn't agree with  
 12 the business model. There was a number of issues  
 13 within there.  
 14 Q All right. So expand on that, if you  
 15 would, please.  
 16 A So the first issue that I saw was that  
 17 Tim Evans' recommendations that he was giving us to  
 18 give to clients, I no longer believed in his ability  
 19 to give profitable recommendations. Tim Evans  
 20 was also, from what I recall, pretty consistently  
 21 changing our pay structure. And in August of 2017  
 22 after another broker had been fired, I was expected  
 23 to continually deliver recommendations to a lot  
 24 of clients that were upset and didn't want those

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1 recommendations, and I was no longer willing to  
 2 do that.  
 3 Q Any other reasons why you left Long Leaf  
 4 Trading in September of '17?  
 5 A Well, the timing for it in September  
 6 2017 is I knew I was leaving in August, but I knew  
 7 of former brokers having issues getting a final  
 8 paycheck from Tim. So that's why I waited until  
 9 September 15th.  
 10 Q Got it. Well, I mean, it sounds  
 11 like your reason for leaving was because you  
 12 didn't like what Long Leaf Trading was doing, is  
 13 that fair to say?  
 14 A Yes, it was -- or it is.  
 15 Q All right. So this is your big  
 16 chance to air your grievances. Are there any other  
 17 reasons why you were angry or upset or disappointed  
 18 or otherwise disillusioned with Long Leaf Trading  
 19 or Mr. Evans?  
 20 A It was becoming a very hostile  
 21 environment, pretty intimidating environment.  
 22 And at the end of the day when I had given him  
 23 my concerns on, you know, recommendations and  
 24 I had given him my concerns over upset clients,

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1 Tim said that he would look to change up  
 2 some things with either how we were doing the  
 3 recommendations, something along those lines, and  
 4 he never implemented any of those changes and that's  
 5 why I left.  
 6 Q All right. So I think you testified  
 7 that one of the reasons you left Long Leaf Trading  
 8 was because you no longer believed in Mr. Evans'  
 9 ability to deliver profitable recommendations to  
 10 clients, is that right?  
 11 A That is correct.  
 12 Q All right. So at what point did  
 13 you develop this belief? Like when did you say  
 14 to yourself Mr. Evans can't deliver profitable  
 15 recommendations to clients?  
 16 A So I came to him with a concern --  
 17 I believe this was later in the spring of 2017 --  
 18 and I sat down with Tim. I think at the time  
 19 there was maybe a bad month or two with his  
 20 recommendations, and I had given him my concerns  
 21 that clients were upset that, you know, things  
 22 were -- or recommendations were losing money.  
 23 And, you know, he had mentioned that maybe we'll  
 24 look to change the type of strategy that we're

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1 using, maybe we'll, you know, look to implement  
 2 some changes in that regard. And then after that  
 3 conversation, the performance continued to be poor  
 4 through the summer. And when I saw that those  
 5 changes would not be implemented in August,  
 6 that's when I decided to leave.  
 7 Q Got it. So this conversation you  
 8 had with Mr. Evans in late spring of '17, did you  
 9 have the conversation in the office? Was it over  
 10 the phone? Paint the picture for me.  
 11 A So this was in an office. So we  
 12 had an open office where everyone was in like  
 13 a larger room. And myself and another broker,  
 14 Jeremy Ruth, we spoke with Tim in a side office  
 15 conference room where we had given him our concern.  
 16 Q So Mr. Ruth can also testify to this  
 17 conversation?  
 18 A Yes, he should be.  
 19 Q All right. And what did you say exactly  
 20 in the conversation, so far as you remember?  
 21 A So from what I recall, I had mentioned  
 22 concern over the trade recommendations, over clients  
 23 being upset. I gave concern over the compliance  
 24 aspect of it with losing positions, and I do



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1 remember in that conversation Tim letting  
 2 us know or having us understand that, you know,  
 3 we weren't doing anything wrong because these  
 4 were self-directed clients and they're accepting  
 5 recommendations from us. We also discussed --  
 6 or I discussed possible ways to change the  
 7 recommendations. I offered my assistance in  
 8 market research possibly, you know, providing  
 9 recommendations or a second set of eyes for him.  
 10 And after the conversation, after that conversation  
 11 is when he became increasingly hostile over the  
 12 next couple of months before I left.  
 13 Q So let's stay on this conversation  
 14 that you had with Mr. Evans, if we could, please.  
 15 So you said that you expressed concern to Mr. Evans  
 16 about compliance, is that right?  
 17 A Correct.  
 18 Q All right. So what did you say to him?  
 19 And don't summarize. Try to think about what  
 20 exactly you said, if you would, please.  
 21 A From what I recall, my main concern  
 22 with compliance was that a client that was unhappy  
 23 with trade recommendation performance would file  
 24 a complaint.

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1 Q All right. File a complaint with whom?  
 2 A With the National Futures Association.  
 3 Q To your knowledge, had that occurred?  
 4 A No, not to my knowledge.  
 5 Q All right. And so you expressed concern  
 6 to Mr. Evans that unhappy clients could potentially  
 7 file complaints with NFA, is that right?  
 8 A Yes, correct.  
 9 Q So how is this -- and I'm not disagreeing  
 10 with your characterization in any way, but how is  
 11 that a compliance concern?  
 12 A I mean, at the time this was the  
 13 first brokerage that I actually kind of worked  
 14 at. So I wasn't aware of if that was a compliance  
 15 concern or if it was not.  
 16 Q Got it.  
 17 A But just judging off of working,  
 18 you know, with clients that were upset over the  
 19 performance, you know, that's why I addressed it  
 20 with him.  
 21 Q Did you make any suggestions  
 22 for, I don't know, other types of compliance  
 23 improvements?  
 24 A Suggestions that we primarily --

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1 or that I primarily had given him was in regards  
 2 to the actual trade recommendations. So, you know,  
 3 using a different strategy or a different time  
 4 frame, things of that nature.  
 5 Q Got it. So what did Mr. Ruth say in  
 6 this meeting?  
 7 A From what I recall, Mr. Ruth  
 8 brought up a concern over being sued from his  
 9 clients because recommendations were losing.  
 10 Q How did Mr. Evans respond to that?  
 11 A I believe the way that he responded  
 12 was that these were self-directed clients that  
 13 accepted recommendations but also that any liability  
 14 is with Mr. Evans and not the individuals.  
 15 Q Did Mr. Ruth accept that?  
 16 A I don't recall if he did or not.  
 17 Q What else do you remember Mr. Ruth saying  
 18 in that spring 2017 meeting?  
 19 A Particularly I don't remember what  
 20 like exactly he was saying. At the time him  
 21 and Tim were having like a conflict and not getting  
 22 along very well, so I don't remember him saying  
 23 a lot during that meeting. The big concern that  
 24 was brought up was in regards to the trade

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1 recommendations.  
 2 Q What suggestions did you make for  
 3 how to improve the trade recommendations or what  
 4 did you say to Mr. Evans about it?  
 5 A The main suggestions that I made was  
 6 to maybe use a larger time frame, use smaller risk  
 7 compositions. We could also do a smaller quantity  
 8 of positions.  
 9 Q What else, if anything?  
 10 A Utilizing different markets. And  
 11 then I offered my assistance with pretty much  
 12 being a second set of eyes and maybe coming up  
 13 with additional ideas that he could utilize.  
 14 Q Did Mr. Evans take you up on that offer?  
 15 A He never did, no.  
 16 Q So Mr. Evans was like the CEO, right?  
 17 A Correct.  
 18 Q Did you have any other supervisors during  
 19 your tenure at Long Leaf?  
 20 A No. There was another individual,  
 21 Brian Adams, that we were led to believe that  
 22 was in more of an administrative type role where  
 23 he would distribute leads but not like a direct  
 24 supervisor.

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1 Q Got it. So going back to this  
2 spring of 2017 conversation you had with Mr. Evans,  
3 was this the first time that you had communicated  
4 with Mr. Evans about the trade recommendations sort  
5 of not being profitable for customers?

6 A No. I mean, we had done that before.

7 Q On what occasions had you done that?  
8 Sort of maybe a month before, two months before?  
9 Try to, if you would, please, give me time periods  
10 or at least how many times do you think you spoke  
11 with Mr. Evans about your concerns about the trade  
12 recommendations?

13 MR. SINCLAIR: Would you put a time  
14 frame on that?

15 MR. BURDEN: Yeah, but that's what  
16 I'm asking.

17 MR. SINCLAIR: You mean before May,  
18 right? Before this meeting or after?

19 BY MR. BURDEN:

20 Q I think during your entire tenure  
21 at Long Leaf. So we've got one. How many other --

22 A I don't recall exactly. You know,  
23 it wasn't like every day. I would say over the  
24 course of a year maybe three or four times, and

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1 that typically would come, you know, if he  
2 had a bad losing month and I felt that, you know,  
3 recommendations had, you know, too much risk or  
4 maybe we should make an adjustment with that.

5 Q So when's the first time you communicated  
6 with Mr. Evans about concerns you had?

7 A That I don't recall.

8 Q So, I mean, you started in June of 2013?

9 A June of 2013.

10 Q And you left in September of '17, right?

11 A Um-hmm.

12 Q All right. So when in here did you  
13 first approach Mr. Evans about your concerns?

14 A I believe there was -- I want to  
15 say later 2015 or midway through the year 2015.

16 Q What happened then?

17 A So originally Tim Evans wanted to  
18 begin to utilize out-of-the-money options selling.  
19 And the initial recommendations that he would give,  
20 I felt that they had too much risk.

21 Q And did you say that to Mr. Evans?

22 A Yes.

23 Q Did you say it in an email, in person?

24 A I think I just said it in person.

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1 Q All right. And you said this to Mr. Evans  
2 in mid to late 2015?

3 A I would -- I'm a little hazy. I would  
4 estimate somewhere around there.

5 Q Got it.

6 A When he wanted to start utilizing options  
7 selling.

8 Q So was mid to late '15 when this  
9 options selling program at Long Leaf was born?

10 A Yeah, somewhere in that period, you know,  
11 like, yeah, mid to late 2015.

12 Q And what was Mr. Evans or what was Long  
13 Leaf Trading doing before that?

14 A So Tim Evans would give swing trading  
15 trade recommendations.

16 Q What's that mean?

17 A So that's a buy or sell futures,  
18 and the whole time was usually maybe two or three  
19 days. So just a shorter time period trading.

20 Q All right. So are you familiar with the  
21 Time Means Money program?

22 A Yes, I am.

23 Q What's that, please.

24 A The Time Means Money program was

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1 the option selling recommendation program that  
2 Tim developed.

3 Q And your testimony is that this  
4 program was first developed in mid to late '15,  
5 is that right?

6 A Yes, I believe so.

7 Q And prior to Time Means Money, Mr. Evans  
8 was providing recommendations to customers to use  
9 swing trades, these short-term options trades, is  
10 that right?

11 A Yes. Some clients we would provide  
12 the call to provide the recommendation to. We also  
13 had other clients that utilized that with letter of  
14 direction.

15 Q So prior to the institution of  
16 Time Means Money, Mr. Evans was generating these  
17 short-term options trading recommendations and you  
18 were passing those on to clients, is that right?

19 A I'm sorry. They weren't short-term  
20 options trading. It was more of a short-term  
21 futures trading.

22 Q So the swing trades that you're  
23 describing -- I've just never heard that term  
24 before.

<p style="text-align: right;">Page 33</p> <p>1 A It usually means like a two- to five-day  2 time frame instead of, you know, a day trade.  3 Q And so these trades that were recommended  4 prior to Time Means Money, these were all futures  5 trades?  6 A Yes, I believe so. He may have  7 incorporated an options trade here and there.  8 I don't recall exactly, but primarily futures  9 trades.  10 Q Got it. So when you first started  11 in June of 2013 at Long Leaf Trading, this is what  12 you were working with, is recommendations to clients  13 for these swing trades, is that right?  14 A Yes. I'm sorry. You mentioned June 2013  15 when I started?  16 Q Yeah, yeah.  17 A Yes. So my first year he -- the way  18 that he had marketing for it was someone would  19 sign up by email for a 90-day trial to view the  20 recommendations. And the first year I would call  21 people, make sure that they're receiving the emails,  22 see if they had any questions. And then for people  23 that had interest, either Tim or another senior  24 broker would actually work with them.</p>	<p style="text-align: right;">Page 35</p> <p>1 recommendations or those types of recommendations  2 for 90 days before they would actually utilize them  3 in a live trading account.  4 Q Got it. And who sent out these emails?  5 A Tim did.  6 Q Did he copy you on them?  7 A He sent them to me.  8 Q Okay. So is it fair to say that from  9 the time you started in June of 2013 through mid  10 to late 2015, Long Leaf Trading was trading client  11 accounts pursuant to letters of direction, is that  12 right?  13 A Not every client. For that futures  14 trading service, yes. But I also after my first  15 year, I did have individual clients that, you know,  16 I would more customize strategies to. So they might  17 do futures trading or options trading, just  18 depending on what they were looking for.  19 Q Got it. So it sounds like not everybody  20 participated in the swing trading program?  21 A No, not everyone.  22 Q All right. What percentage  23 of customers, of your customers participated in  24 swing trading?</p>
<p style="text-align: right;">Page 34</p> <p>1 Q All right. So how were these  2 recommendations for the swing trades provided to  3 customers?  4 A When I started in June 2013, over  5 that first year I believe all clients that utilized  6 that service did it through letter of direction.  7 Q And what about after June of 2014?  8 A After June of 2014, from what I recall,  9 those clients still primarily utilized letter of  10 direction with that.  11 Q All right. So the recommendations  12 weren't really sent out. Brokers at Long Leaf  13 Trading would trade pursuant to this letter of  14 direction, is that right?  15 A Tim would do that.  16 Q Tim would do that?  17 A Yeah, we did not execute trades.  18 Q So did the customers have an understanding  19 of what the recommendations were, even if they --  20 the customers weren't sort of approving each trade  21 as we saw later?  22 A Yes, because most customers opted  23 to stay on the email that was sent out along with  24 the recommendation. So they were following those</p>	<p style="text-align: right;">Page 36</p> <p>1 A If I were to guess at that time,  2 maybe 60 or 70 percent. My other client list was  3 very small that did other stuff.  4 Q All right. And the 30 or 40 percent of  5 your clients that didn't participate in the swing  6 trading program, did you give them recommendations?  7 A Yes, I did.  8 Q And who generated those recommendations?  9 A Both myself and Tim did. So if I had  10 a recommendation, and it wasn't every time, but  11 I would typically run it by Tim to get his thoughts  12 on it as well.  13 Q All right. And were these -- can  14 you characterize these recommendations that  15 you provided? I mean, we were talking before,  16 you know. I said what kind of recommendations  17 were, you know, given to people at Insignia  18 and you said oh, out-of-the-money options  19 recommendations.  20 Can you similarly characterize  21 your own recommendations to clients at Long Leaf  22 or is it all over the place?  23 A Kind of all over the place. So  24 option buying recommendations, option selling</p>

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1 recommendations, individual futures trades. I did  
2 not do naked option selling recommendations. It was  
3 pretty all over the place.

4 Q And did all of your customers who  
5 received your recommendations, did they all get  
6 the same recommendations or is it kind of person  
7 by person?

8 A It was kind of person by person.

9 Q Got it. All right. So it sounds like  
10 things changed in mid to late December at Long Leaf  
11 Trading, right?

12 A Yes.

13 Q All right. And that was the advent of  
14 this Time Means Money program, correct?

15 A That is correct.

16 Q So after the Time Means Money  
17 program came into being, did you still provide  
18 your individualized recommendations to customers?

19 A I did. But from there after the  
20 program was launched, Tim didn't want me to do  
21 that much anymore, go after that type of business,  
22 because we wanted my focus to be on sales where he  
23 would have the focus of trading.

24 Q And Mr. Evans said this to you?

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1 A Yes.

2 Q And approximately when did he say that?

3 A I don't know specifically. I would  
4 guess around 2015 when the program was started.

5 Q Got it. So do you have any knowledge  
6 or understanding of where this program came from?  
7 Like whose idea was it? It seems like you guys were  
8 doing business and then it completely changed.

9 A Yes. So at Kingsview Financial they  
10 had a similar program -- or it was at another  
11 company, LaSalle, I believe before that. But  
12 where the program came from was a contact I had at  
13 Kingsview Financial. I reached out to him because  
14 Tim was interested in being able to do interviews  
15 on like Fox Business for those TV spots. So my  
16 contact from Kingsview had those relationships  
17 and knew like who to refer him to.

18 Q So how did that turn into Time Means Money?

19 A So I know that Tim worked with him on  
20 the TV stuff, and I believe he gave him the idea  
21 for the Time Means Money idea.

22 Q So who's this person at Kingsview? What's  
23 his name, please.

24 A His name was Matt Zeman.

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1 Q How do you spell the last name, please.

2 A Z-e-m-a-n. M, as in "Mary," a-n. Sorry.

3 Q All right. So how do you know that  
4 Matt Zeman gave Tim Evans the idea for this option  
5 selling strategy?

6 A That was just my understanding from  
7 Tim. I don't remember him specifically saying that,  
8 but that Matt had brought it up or gave him the idea  
9 to develop an options program like that.

10 Q Did Tim ever tell you why he  
11 wanted to make this change, this change from,  
12 you know, the swing trading and more individualized  
13 recommendations to a more standardized program  
14 of recommendations?

15 A It was my understanding that he wanted  
16 for us to be more focused on sales.

17 Q And what's your basis for thinking that?

18 A Because through the new approach, he  
19 would be able to do all the trade recommendations,  
20 and the brokers would primarily be able to both  
21 deliver those recommendations but also focus on  
22 getting additional clients.

23 Q Got it. So I want to go back and  
24 talk a little more about this swing trading. So

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1 the swing trading that you saw from June of '13  
2 when you started, you know, to mid to late '15,  
3 how did clients do?

4 A There were periods where it actually  
5 performed very well, and then he also had periods  
6 where if he went a month or two with a drawdown,  
7 then we would lose a lot of clients.

8 Q What do you mean by a drawdown?

9 A Where he had a period where recommendations  
10 were consistently losing money.

11 Q So why do you call that a drawdown?  
12 I'm sure you have a good reason.

13 A Because giving the recommendations,  
14 you know, if you have a period of like three or  
15 four losers, I would call that a drawdown in the  
16 performance of those recommendations.

17 Q Got it. So during your tenure  
18 at Long Leaf, were there any customers that made  
19 money from these swing trading recommendations?

20 A There were.

21 Q What were their names, please.

22 A I remember -- and it's because it's  
23 my very first client -- Kathleen Tarnoff I believe  
24 the name was.



<p style="text-align: right;">Page 41</p> <p>1 Q And how much did Ms. Tarnoff make, 2 expressed either as a percentage or as a dollar 3 figure or both? 4 A I think \$1,000 on a \$10,000 account. 5 Q And that was over what time period? 6 A I think it was a few months. 7 Q Was Ms. Tarnoff then able to realize 8 and utilize that \$1,000 profit or was it sort of 9 later traded away? 10 A No, she closed her account after that. 11 That's how I remembered it from my first client. 12 Q So she got out while the getting was 13 good, is that fair to say? 14 A Yes, that's fair to say. 15 Q Other than Ms. Tarnoff, any other 16 persons you're aware of, customers who made money 17 with these swing trading recommendations? 18 A I remember there were. I don't remember 19 specific names. 20 Q Do you remember how many? 21 A No, I don't remember. 22 Q Was it do you think more than ten, 23 less than ten? 24 A I would think more than ten.</p>	<p style="text-align: right;">Page 43</p> <p>1 well, I guess I should just ask did you have clients 2 that participated in this swing trading program? 3 A Yes, I did. 4 Q All right. How many, please. 5 A I don't recall specifically. Maybe not 6 more than ten. 7 Q And that's over the course of the 8 entire like year and a half that this was going on? 9 A Yeah, yes. 10 Q All right. And of those ten you 11 remember one client, Kathleen Tarnoff, made money, 12 right? 13 A Yes. 14 Q And she made \$1,000 on a \$10,000 account, 15 right? 16 A I believe so, yes. 17 Q And that's basically because she 18 traded for a month and got out while the getting 19 was good, is that accurate? 20 A Yep, that is accurate. 21 Q All right. Of your remaining nine 22 customers, did any of them walk away with money 23 from this swing trading program? 24 A I don't recall if people walked away</p>
<p style="text-align: right;">Page 42</p> <p>1 Q Do you think more than 20? 2 A No, not more than 20. 3 Q So between 10 and 20? 4 A Yeah, I'd estimate it right around there. 5 Q So between 10 and 20 customers made 6 money from these swing trading recommendations while 7 you were at -- 8 A Well, what I meant was like, you know, 9 they would make money and a lot of people would 10 close their accounts after they made money. Clients 11 that stuck with like the swing trading over a long 12 period of time ended up losing money. 13 Q And was that the majority of Long Leaf's 14 clients that you're aware of? 15 A The majority that -- can you clarify -- 16 that tried out the recommendation service? 17 Q Yeah. 18 A I don't know. The recommendation 19 service, a lot of people would do it for two or 20 three months and then, you know, they might leave, 21 whether they were up money or down money. In terms 22 of the number of clients that stayed with it for 23 a long period, I'm not sure. 24 Q Okay. So how many clients did --</p>	<p style="text-align: right;">Page 44</p> <p>1 making money. 2 Q Did the rest of them lose money swing 3 trading? 4 A I don't know if the rest of them 5 lost money. I know some did lose money swing 6 trading. 7 Q All right. So you had ten customers 8 that were doing this swing trading thing. How 9 many customers did you have that were taking your 10 recommendations? 11 A I believe it may have been five. 12 Q How did they do? 13 A Those customers lost money. 14 Q Did they all lose money? 15 A Yes, I believe so. 16 Q All right. So let's talk about the 17 rest of the firm, and I'm focusing in this pre 18 Time Means Money period. 19 A Okay. 20 Q So June of 2013 through mid to late 21 2015. How many other brokers were working at Long 22 Leaf Trading during that time? 23 A So June 2013 until May -- or until 24 June 2014 it was myself, Brian Booth and Tony</p>

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1 Klancic.

2 Q All right.

3 A In May 2014 Brian Booth was fired.

4 Q What was he fired for?

5 A He was planning on moving to Las Vegas  
6 and switching careers and gave Tim notice that he  
7 would be leaving at some point in the near future,  
8 and it was my understanding that Tim fired him.

9 Q All right. So do you have an  
10 understanding of how many clients the firm had  
11 total that were participating in this swing trading  
12 program?

13 A I don't.

14 Q Do you have any understanding of how  
15 those clients did?

16 A I know over -- for clients that stayed  
17 with it for a longer time, like over a year, they  
18 ended up losing money.

19 Q So how do you know that?

20 A Because we had periods where clients  
21 would close after -- close their accounts after  
22 a month or two of poor performance.

23 Q Well, could you see how your clients  
24 were doing in the swing trading program? Did you

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1 like get their account statements?

2 A My first year my senior broker would  
3 get their account statements, and then I would  
4 just -- I didn't have access to an online account  
5 or anything like that.

6 Q But would your senior broker forward those  
7 statements to you so you could see?

8 A Not that I recall in my first year.

9 Q Well, it sounds like -- so here's  
10 what I'm getting at, right? You're telling me  
11 that you understood that the recommendations weren't  
12 profitable because you had customers that closed  
13 their accounts after a short period of time,  
14 correct?

15 A Correct.

16 Q Yeah. Now, your testimony was that  
17 customers who stuck with the swing trading program,  
18 say for a year or more, your testimony is that they  
19 all lost money, right?

20 A Yes, correct.

21 Q So how do you know that? I mean,  
22 those are guys that are participating over a longer  
23 period of time, right?

24 A Well, after -- yeah. So after

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1 a year and a -- or after that first year I would  
2 get account statements. But also it was, you know,  
3 Tim would let us know, you know. It was very  
4 evident when trades were losing or if a client  
5 closed his account.

6 Q When you say it's very evident -- well,  
7 let me run it back. So I think you said Tim would  
8 let you know, is that right?

9 A Well, not like specifically come  
10 out and let us know, but he would make it evident.

11 Q How?

12 A You know, he would be upset. He would,  
13 you know, scream a vulgar term.

14 Q That could have been anything. How do  
15 you know it was because of poor trade performance?

16 A Because you would inquire about what  
17 it was about, and he would say it was a poor trade  
18 or a trade lost.

19 Q I asked you before and you told me,  
20 and I can't find where I wrote it. When's the  
21 first time that you confronted Mr. Evans about the  
22 poor performance of these trade recommendations?

23 A I believe it was that two -- well,  
24 I don't remember if I confronted him about the

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1 swing trade recommendations. But in terms of the  
2 Time Means Money recommendations, that was when it  
3 was first started, around 2015.

4 Q And maybe confronted is the wrong word,  
5 you know, communicated. Did you ever communicate  
6 with Mr. Evans about any concerns you had regarding  
7 the swing trade recommendations?

8 A Not that I recall. That was a period  
9 where I was still relatively green and kind of  
10 intimidated by them. So I don't think that I would  
11 have approached him about that, especially in the  
12 first year.

13 Q Got it, got it. So when's the first  
14 time you communicated with Mr. Evans about concerns  
15 you had about trade recommendations?

16 A From -- the one I recall was in 2015.

17 Q And what month, please, or time of year.  
18 I'll take a spring or a summer.

19 A I believe it was around the fall.  
20 It was after the start of the Time Means Money  
21 program.

22 Q And what happened?

23 A Tim had -- I believe it was the first  
24 month or two that he provided the recommendations



<p style="text-align: right;">Page 49</p> <p>1 for Time Means Money, and I felt that they had  2 way too much risk in them, or the recommendations  3 did.  4 Q And did you communicate that to Mr. Evans?  5 A I did.  6 Q How did you communicate that?  7 A I believe it was a discussion, just  8 letting him know that he should make adjustments  9 to find a less risky type position.  10 Q And how did Mr. Evans respond?  11 A I don't recall exactly how he  12 responded with it. Some changes were eventually  13 made. I don't know if they were made like right  14 after that.  15 Q And what changes were made in response  16 to the concerns that you expressed?  17 A So the primary change that was  18 made was -- from what I recall, it was using a  19 less risky position, so a smaller spread position.  20 Q And when was that instituted?  21 A I don't remember the time frame that  22 that would have been instituted.  23 Q Got it. So in fall of 2015 when you  24 had this first conversation with Mr. Evans about</p>	<p style="text-align: right;">Page 51</p> <p>1 Q Do you remember the specifics of any  2 of those instances?  3 A I don't.  4 Q So how did you express this to Mr. Evans?  5 A I would -- the way that I would express  6 it was typically offering my assistance, kind of  7 like a second set of eyes on positions or I might  8 recommend using, you know, a different time frame  9 or a different type of strategy.  10 Q And did Mr. Evans ever take you up on that?  11 A I don't remember. Like in those earlier  12 ones, I don't believe so. I don't think he ever  13 changed the way that he did the recommendations.  14 A lot of the times when -- from what I remember,  15 when I would come to him with a concern, he would  16 pretty much have me understand that it's just been,  17 you know, like a rough period for options selling  18 and, you know, he thinks it will change.  19 Q Did you accept that?  20 A I did. He taught me kind of the basics  21 of the markets and things like that. So I looked  22 up to him as, you know, a figure that knew what he  23 was talking about with trading.  24 MR. BURDEN: Gary? Oh, sorry. You're</p>
<p style="text-align: right;">Page 50</p> <p>1 the Time Means Money recommendations, did you say  2 anything else? So you expressed concern about risk,  3 right?  4 A Um-hmm.  5 Q Yes?  6 A Oh, sorry. Yes, I gave concern about  7 risk.  8 Q All right. Any other concerns you  9 addressed with Mr. Evans?  10 A Not that I recall at the time.  11 Q All right. So when is the next  12 conversation you had with Mr. Evans about the  13 trade recommendations under the Time Means Money  14 program?  15 A I don't remember the last time --  16 or the time after that that I spoke with him  17 about it.  18 Q Do you remember any other occasions  19 where you addressed concerns with Mr. Evans about  20 the Time Means Money program?  21 A On occasion. It may have been  22 bimonthly or every few months I would give a  23 concern if we were in a period where recommendations  24 had lost.</p>	<p style="text-align: right;">Page 52</p> <p>1 leaning forward like you --  2 MR. SINCLAIR: No, no, no. Thanks for  3 checking but, no, I'm fine.  4 BY MR. BURDEN:  5 Q All right. You know, I got way ahead  6 of myself and I didn't really sort of ask you to  7 explain to me what Time Means Money is. So let me  8 ask you, if I could, please, could you describe the  9 nature of the Time Means Money program.  10 A Yes. So the Time Means Money program  11 was a recommendation service that gave clients  12 options selling recommendations.  13 Q All right. And how many times a month  14 did clients receive -- there's no good way to ask  15 this, but how many recommendations did clients get  16 a month? How about that?  17 A They got four recommendations per month.  18 Q Got it.  19 A When the program was started, I don't  20 remember if they got four. But towards the end  21 before I left, clients got four recommendations  22 per month.  23 Q Got it. And is it fair to characterize  24 these as out-of-the-money options spread trades?</p>

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1 A Correct, yes.  
 2 Q All right. And during your tenure  
 3 at Long Leaf Trading, the recommendations were  
 4 for credit spreads, is that correct?  
 5 A Initially when he started the Time  
 6 Means Money program they were credit spreads, and  
 7 then he eventually transitioned the recommendations  
 8 to primarily being iron condors.  
 9 Q Is an iron condor not a credit spread?  
 10 A Well, it's two credit spreads.  
 11 Q Got it, okay. I meant as opposed to --  
 12 A Well --  
 13 Q -- debit spreads.  
 14 A Yeah, so technically it was a credit  
 15 spread.  
 16 Q Okay. And what was the reason for this  
 17 transition? Did Mr. Evans tell you?  
 18 A He didn't -- I don't recall him  
 19 telling me specifically why he did that transition  
 20 into the iron condor positions.  
 21 Q Got it. So did Mr. Evans ever tell  
 22 you why customers got four recommendations a month  
 23 as opposed to like two or six?  
 24 A Yes. He -- the way I understood

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1 it, it was how he -- it was diversification.  
 2 Q Okay. What did Mr. Evans say to you  
 3 about that?  
 4 A You know, I don't recall exactly. But  
 5 it was to use four different positions, you know,  
 6 that wouldn't be real like influenced by each other.  
 7 Q Got it. And do you know if that's correct?  
 8 A I don't know if that's correct.  
 9 Q And what I'm getting at here is  
 10 like did Mr. Evans ever explain to you why  
 11 four recommendations and not two or six? Like  
 12 diversification, sure, I get it. Why not eight?  
 13 A He did. He gave -- the explanation  
 14 that I remember was in reference to a marginal --  
 15 like a marginal benefit. And at some point that  
 16 marginal benefit became less, so that's why he would  
 17 stop it at four.  
 18 Q Do you know why four and not some  
 19 other number?  
 20 A No, I don't know.  
 21 Q Did you ever ask?  
 22 A No, because when he trained us  
 23 on it and gave us that explanation of marginal  
 24 benefit, you know, that's what I understood it as.

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1 Q All right. And during your tenure at Long  
 2 Leaf Trading, did your roles or responsibilities  
 3 change?  
 4 A So after my first year, that's when  
 5 I began a role of a senior broker, so actually  
 6 working with clients. And after the Time Means  
 7 Money program was started, there was a time after  
 8 that that Tim wanted to hire junior brokers that  
 9 were supposed to work with us and, you know, give  
 10 us leads to run appointments with.  
 11 Q And did you receive junior brokers?  
 12 A Yes, I did.  
 13 Q And who were they, please.  
 14 A My first junior broker was Mark Burns.  
 15 Q Okay.  
 16 A And my second junior broker was Jack  
 17 Konrath.  
 18 Q And that's with a K?  
 19 A With a K, yes.  
 20 Q And any others?  
 21 A No.  
 22 Q All right. And did you have the  
 23 ability to -- did you supervise these guys, Burns  
 24 and Konrath?

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1 A The training that we did was in  
 2 a group environment. So the way that it operated  
 3 was Tim trained and ran group training with the  
 4 guys, and then I would assist with training them,  
 5 with learning Long Leaf's scripts and things like  
 6 that.  
 7 Q Did you fire Burns or Konrath?  
 8 A No, I did not.  
 9 Q Did you have the ability to fire them?  
 10 A I did not.  
 11 Q Did you hire them?  
 12 A I interviewed Mark Burns over the  
 13 phone, and Tim interviewed him in person and  
 14 decided to hire him. John Konrath, he was actually  
 15 a friend of mine's younger brother. So I brought  
 16 him in to speak with Tim and Tim hired him.  
 17 Q Got it. All right. So it sounds  
 18 like at Long Leaf Trading you started as a junior  
 19 broker, is that right?  
 20 A Yes.  
 21 Q And after your first year there, you  
 22 transitioned to a senior broker, is that right?  
 23 A Yes.  
 24 Q And you were working with clients in

<p style="text-align: right;">Page 57</p> <p>1 that capacity?</p> <p>2 A Correct.</p> <p>3 Q All right. And did you have any</p> <p>4 other roles at Long Leaf Trading after that?</p> <p>5 A No.</p> <p>6 Q And as a senior broker, your</p> <p>7 responsibility was to be on sales calls with clients</p> <p>8 and deliver the recommendations that Mr. Evans</p> <p>9 generated, is that fair to say?</p> <p>10 A Yes, correct.</p> <p>11 Q Any other responsibilities as a senior</p> <p>12 broker at Long Leaf Trading?</p> <p>13 A No, I don't believe so. It was sales</p> <p>14 and recommendations.</p> <p>15 Q Got it. So what is the -- what</p> <p>16 was the basis for your compensation at Long Leaf</p> <p>17 Trading? And what I want to try to get at here is</p> <p>18 what's the breakdown between, you know, salary or</p> <p>19 commissions, things like that. And it sounds like</p> <p>20 maybe it changed over time?</p> <p>21 A Quite a few times.</p> <p>22 Q Yeah. So walk me through it, if you would,</p> <p>23 please.</p> <p>24 A So when I started as a junior broker,</p>	<p style="text-align: right;">Page 59</p> <p>1 brokers after the program had been started in 2015,</p> <p>2 those junior brokers, they received a \$1500 salary</p> <p>3 and a 20 percent commission and I was responsible</p> <p>4 for \$750 of that salary.</p> <p>5 Q So you had to pay them 750?</p> <p>6 A Yes, and then they -- and then I received</p> <p>7 a 20 percent commission on those accounts.</p> <p>8 Q So that seems like a worse deal to me.</p> <p>9 Is that a worse deal or did the volume make up for</p> <p>10 it? What's going on there?</p> <p>11 A It got worse. So after Tim hired</p> <p>12 more brokers, he bumped up the amount that we</p> <p>13 had to pay to -- I forgot how much it was, but we</p> <p>14 had to pay for junior brokers that we didn't agree</p> <p>15 that were there and that didn't even work directly</p> <p>16 with us. And then there was a number of times</p> <p>17 through 2015 -- or, I'm sorry, 2016 and '17 that</p> <p>18 Tim had adjusted our pay structure. And in August</p> <p>19 before I left he sent out a -- I believe it was</p> <p>20 a memo or an email that said the new top tier</p> <p>21 commission rate is 20 percent, regardless of</p> <p>22 who's working with it.</p> <p>23 Q Isn't that what it was already, though?</p> <p>24 A No. So when you worked with a --</p>
<p style="text-align: right;">Page 58</p> <p>1 the way that I was paid was a \$1500 monthly salary.</p> <p>2 And any clients that I helped bring on, I got</p> <p>3 10 percent of the commission from that client.</p> <p>4 Q And did you bring on any clients?</p> <p>5 A That first year I brought on some.</p> <p>6 I don't remember how many. It wasn't very many.</p> <p>7 Q Got it. So when you transitioned</p> <p>8 to a senior broker, what was the comp structure</p> <p>9 then, please.</p> <p>10 A So the senior broker compensation</p> <p>11 structure was no salary and a 40 percent commission.</p> <p>12 Q And that 40 percent commission, is that</p> <p>13 40 percent of Long Leaf's cut?</p> <p>14 A It was never really clear to me.</p> <p>15 It wasn't -- I know it wasn't the gross commission</p> <p>16 that -- Long Leaf's like fees and things like that</p> <p>17 were taken out.</p> <p>18 Q Got it.</p> <p>19 A But I was never very clear on that.</p> <p>20 Q All right. So did that no salary,</p> <p>21 40 percent commission structure change over time?</p> <p>22 A Yes, it did.</p> <p>23 Q And when did it change, please.</p> <p>24 A So when Tim hired additional junior</p>	<p style="text-align: right;">Page 60</p> <p>1 when a junior broker gave you a lead, you and</p> <p>2 the junior broker each got 20 percent. If you</p> <p>3 had a client that was taken on like by yourself</p> <p>4 without a junior broker, that could still be</p> <p>5 a 40 percent commission rate but he had adjusted</p> <p>6 it to be 20 percent.</p> <p>7 Q Got it. So after you became a senior</p> <p>8 broker, there was really no more salary and, in</p> <p>9 fact, you were sort of making contributions toward</p> <p>10 the salaries of the junior brokers?</p> <p>11 A Correct, yes.</p> <p>12 Q And all other income that you would</p> <p>13 see accruing to you would be commission, is that</p> <p>14 correct?</p> <p>15 A Yes.</p> <p>16 Q So that 750 you've got to pay,</p> <p>17 does that come out of your paycheck or did you</p> <p>18 have to provide it to them, I don't know, in cash,</p> <p>19 with a check or something?</p> <p>20 A No, that came out of my paycheck.</p> <p>21 Q Got it.</p> <p>22 MR. PATRICK: Were the commissions</p> <p>23 that were paid by customers, your customers</p> <p>24 while you were at Long Leaf, were they all</p>

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1 the same or was that set at the time that the  
 2 account was opened?  
 3 THE WITNESS: It was set at the time.  
 4 I believe the rate was \$35. I'm not clear  
 5 on if that changed or not. I don't believe  
 6 it went higher than \$35, but I don't really  
 7 remember that.  
 8 MR. PATRICK: Were all of your customers  
 9 paying a \$35 rate?  
 10 THE WITNESS: Well, actually, so  
 11 clients that would do, for example, like  
 12 an individual future option, they would  
 13 pay a \$50 rate. And then if it was part of  
 14 a spread, then the rate was \$35. From what  
 15 I recall, that's how my clients were set up.  
 16 BY MR. BURDEN:  
 17 Q All right. Mr. Leeney, I want to  
 18 switch gears a little bit and talk about the Long  
 19 Leaf Trading office space.  
 20 A Okay.  
 21 Q What's it look like, please.  
 22 A So which time period are we referring to?  
 23 Q Did it change?  
 24 A A few times, yes.

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1 Q Okay. Did you guys move buildings  
 2 or were you always in that address that I forget?  
 3 A So we originally were in the  
 4 Monadnock Building. We were there when I started  
 5 in 2013, and I believe we -- so we were in a very  
 6 small office there my first year.  
 7 Q You know, let me stop you. I'm  
 8 familiar with the Monadnock Building because my  
 9 wife works there. Where were you working in January  
 10 of -- let's say September of '14?  
 11 A September '14 would be at the Monadnock  
 12 Building.  
 13 Q Okay. And when did you move to the  
 14 Board of Trade building?  
 15 A That would be -- or I think it  
 16 was June 2016, I want to say. I'm not sure.  
 17 Q So the Monadnock Building, how big --  
 18 well, was it one big office?  
 19 A It wasn't big. We were in two offices  
 20 at the Monadnock Building. The first office was  
 21 very small. It had a main room that was roughly  
 22 about the size of this conference room and then  
 23 a separate office.  
 24 Q And who was in that separate office?

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1 A Tim was in the separate office.  
 2 Q And did you share that main office  
 3 with other brokers?  
 4 A Yes. Tony Klancic, Brian Booth and myself.  
 5 Q And so when they were talking on the  
 6 phone to clients, could you hear what they were  
 7 saying?  
 8 A Yes.  
 9 Q Could they hear what you were saying,  
 10 do you think?  
 11 A Yes, they could.  
 12 Q So would Mr. Evans, would he come out  
 13 and listen to people on calls?  
 14 A So his office was attached to that  
 15 main room, and he would leave his office door open  
 16 or come out and listen to people.  
 17 Q Got it. Could you hear what  
 18 Mr. Evans was saying on the phone if the door  
 19 was open?  
 20 A Yes. It would just depend on how loud  
 21 he would be.  
 22 Q Got it.  
 23 A I was kind of like further like away  
 24 from the door. So I wouldn't say like everything

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1 but --  
 2 Q A lot of things?  
 3 A Yeah.  
 4 Q All right. So in June of '16 Long Leaf  
 5 moved from the Monadnock Building to the Board of  
 6 Trade, is that right?  
 7 A Yes. Before that we moved into a bigger  
 8 office in the Monadnock Building and then moved to  
 9 the Board of Trade after that.  
 10 Q Got it. So that bigger office in the  
 11 Monadnock, describe that for me, please.  
 12 A So that was a bigger space with  
 13 a kitchen in there. There was a main bullpen-  
 14 type area where the brokers would sit. And then  
 15 there was a separate office within that office,  
 16 which was Tim's office.  
 17 Q Got it. And so could you hear the other  
 18 brokers?  
 19 A I could. But there were partitions  
 20 like in that office, so that was a little tougher.  
 21 Q Got it. Did the partitions go all the  
 22 way to the ceiling?  
 23 A No, only -- like the space I was in  
 24 was -- it was kind of like almost a separate office,



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1 but it was open like with a partition. There like  
 2 wasn't a wall.  
 3 Q How high is the partition, like eye height?  
 4 A Up to my chest maybe.  
 5 Q Got it. So when you moved to the  
 6 Board of Trade office, what did that look like,  
 7 please.  
 8 A So the first office at the Board of  
 9 Trade was a Regus suite, so Tim had three separate  
 10 Regus offices. So some brokers were in one, some  
 11 brokers were in another, and then Tim had a separate  
 12 office in there.  
 13 Q Got it. So who were you in with?  
 14 A The arrangement changed a lot.  
 15 I was in my suite with Mark Burns, Jack Konrath,  
 16 Vince Prieto and I believe James Hatzigiannis.  
 17 Q Hatzigiannis?  
 18 A Hatzigiannis. The other -- there was  
 19 another broker in there, Brendan Sears. I don't  
 20 think he was in there very long, though.  
 21 Q And was this another open office plan?  
 22 A Well, in our individual office it was,  
 23 but there were doors to these because they were  
 24 technically separate like Regus suites. They were

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1 all just kind of next to each other.  
 2 Q Got it. So in your office that you shared  
 3 with your two junior brokers, Mr. Hatzigiannis,  
 4 Mr. Sears, Mr. Prieto, could you hear what they  
 5 were saying?  
 6 A Yes.  
 7 Q Could they hear what you were saying,  
 8 do you think?  
 9 A Yes.  
 10 Q All right. So it sounds like -- oh, so  
 11 I should ask did Mr. Evans come and periodically  
 12 tour your office?  
 13 A He would.  
 14 Q Listen to calls?  
 15 A Yeah, we typically -- I believe we  
 16 would keep like the doors open. But they were  
 17 closed, they were open sometimes. So he would be  
 18 in and out, from what I remember.  
 19 Q And it sounds like maybe you had this  
 20 suite of three offices at the Board of Trade, right?  
 21 A Yes.  
 22 Q Did you move to a different suite at some  
 23 point?  
 24 A Yes, we did. So I believe it was

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1 June 2017 we moved to the -- it was like a large  
 2 open space where everyone was in one room.  
 3 Q And did everyone include Mr. Evans?  
 4 A Yes, he was in there as well.  
 5 Q So just one big bullpen?  
 6 A Correct.  
 7 Q And how many brokers do you guys have  
 8 in there?  
 9 A I would estimate 11 or 12.  
 10 Q That must have been very noisy.  
 11 A Very.  
 12 MR. SINCLAIR: Can I ask one question  
 13 because I'm sort of familiar with the Regus  
 14 suites. Was this your own separate suite or  
 15 was it within that whole Regus bullpen area?  
 16 THE WITNESS: No, this was in our  
 17 own separate suite. They put up like walls  
 18 or they did like a new construction for it.  
 19 MR. BURDEN: Got it. And, by the way --  
 20 you'll probably remember this -- at the end  
 21 I'll ask you if you have any questions for  
 22 your client. So don't worry about missing  
 23 opportunities.  
 24 MR. SINCLAIR: No, I just wanted to

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1 help clarify it. That's all.  
 2 MR. BURDEN: Thank you. All right.  
 3 Tell you what. We've been going for an hour  
 4 and a half. Why don't we take a quick break  
 5 and we'll come back and do some documents.  
 6 MR. SINCLAIR: Sounds great.  
 7 (Whereupon a recess was taken from  
 8 10:42 a.m., to 11:08 a.m., after  
 9 which the following proceedings  
 10 were had:)  
 11 MR. BURDEN: I want the record to  
 12 reflect that Mr. Leeney and Mr. Sinclair have  
 13 graciously agreed to allow Matt Edelstein to  
 14 sit briefly in on the testimony, though he is  
 15 not on the formal order. Is that still all  
 16 right with you guys?  
 17 MR. SINCLAIR: It is.  
 18 THE WITNESS: Yes.  
 19 MR. BURDEN: Very good. Thank you.  
 20 (Whereupon CFTC Exhibit No. 83 was  
 21 marked for identification, MM.)  
 22 Q Mr. Leeney, I want to hand you what  
 23 I have marked as CFTC Exhibit 83. I want you to  
 24 take a look at this document, if you would, please.

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1 A Okay.  
 2 Q And do you recognize this document,  
 3 Mr. Leeney?  
 4 A Yes, this would be a trade recommendation  
 5 email.  
 6 Q All right. And this is an email that  
 7 you sent, correct?  
 8 A Yes.  
 9 Q To whom?  
 10 A To Jose -- I believe this was Jose Luciano.  
 11 Q Is that a customer of yours?  
 12 A He was, yes.  
 13 Q All right. This is the first trade  
 14 recommendation that I saw in your emails. Were  
 15 there trade recommendations that you emailed out  
 16 prior to September of 2016?  
 17 A I don't recall.  
 18 Q I think your testimony was that the  
 19 Time Means Money program started in mid to late  
 20 2015, is that right?  
 21 A Yes, that's correct.  
 22 Q So how do recommendations go out initially?  
 23 A So initially when we started it, I believe  
 24 it was a phone call.

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1 Q All right. And at some point you  
 2 started sending emails to the customers, is that  
 3 right?  
 4 A Yes, correct.  
 5 Q And don't take my word for it. Does  
 6 September of 2016 sound like about the time when  
 7 that happened?  
 8 A I would estimate it was around that time.  
 9 Q Okay. So why the transition from phone  
 10 calls to emails, if you know?  
 11 A It was just a matter of getting the  
 12 recommendation approval quicker.  
 13 Q And you found that it was quicker to  
 14 send by email?  
 15 A Yes.  
 16 Q All right. So looking at 83, we see  
 17 some text here talking about the first initial  
 18 three positions for your portfolio and it describes  
 19 some trades, is that right?  
 20 A That is correct.  
 21 Q All right. So who wrote this?  
 22 A I wrote this email.  
 23 Q All right. And who came up with the trade?  
 24 A These trades would have been from Tim

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1 Evans.  
 2 Q So what was the basis for this  
 3 recommendation? Like you'll see the first one  
 4 it says, "We will be selling 2 November 1350  
 5 to 1360 call spread and purchasing 2 December 1375  
 6 to 1385 call spread. We will be collecting a net  
 7 credit of \$320 with a maximum profit potential of  
 8 \$1600." Did I read that right?  
 9 A Yes.  
 10 Q All right. So who -- why is that the  
 11 recommendation for this email?  
 12 A So the November call spread would  
 13 be sold with the thought that the market would  
 14 be below that call spread at expiration, and then  
 15 the further call spread would be purchased with the  
 16 expectation that the market would be above that call  
 17 spread at that December expiration.  
 18 Q Got it. And these spreads are in gold,  
 19 is that correct? The first recommendation anyway.  
 20 A Oh, yes.  
 21 Q Yeah. So this recommendation came from  
 22 Mr. Evans, right?  
 23 A Yes, it looks like it.  
 24 Q So do you have any knowledge or

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1 understanding as to why Mr. Evans is recommending  
 2 this trade in gold, as opposed to anything else,  
 3 you know, oil, and why Mr. Evans expects the market  
 4 to do what it ought to do for this to be profitable?  
 5 A I don't know.  
 6 Q Did you ever ask Mr. Evans what the basis  
 7 for his recommendations are?  
 8 A We would ask for an explanation before  
 9 we gave the recommendation. His explanation was  
 10 usually pretty brief, maybe, you know, kind of a  
 11 couple of sentences. We think gold will go up for  
 12 this reason or we think gold will go down for this  
 13 reason.  
 14 Q Do you recall what the reason was for  
 15 the gold spread in Exhibit 83?  
 16 A No, I don't recall what the reason was.  
 17 Q All right. So do you have any  
 18 understanding of whether Mr. Evans had some kind  
 19 of method for his recommendations?  
 20 A In terms of a method, no. He would  
 21 usually look for an iron condor based off of like  
 22 volatility or technical analysis, and it was my  
 23 understanding that he structured the positions  
 24 primarily around like technical analysis.



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1 Q Got it. So did Mr. Evans ever  
 2 explain this technical analysis to you for a  
 3 particular trade? Did he ever talk about what he  
 4 did to research the trade?  
 5 A There were trades that he would give  
 6 like a general explanation, we're expecting this  
 7 resistance and this support to hold. In terms of  
 8 really in depth, not that I recall.  
 9 Q So I want to take a step back. You  
 10 said the basis for Mr. Evans' recommendations as  
 11 you understand it is historical volatility, is that  
 12 right?  
 13 A It was current market volatility.  
 14 Q Got it. And technical analysis, right?  
 15 A Yes, I believe so, yeah.  
 16 Q So when you say that you understood  
 17 Mr. Evans' recommendations to be based on current  
 18 market volatility, what does that mean? What's he  
 19 looking at, if you know?  
 20 A He would look for a big move in a  
 21 market, you know, a big rally or a big selloff.  
 22 Q And what would he do with that information  
 23 if he found a big rally or a big selloff?  
 24 A He would try to sell an option to collect

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1 like an overinflated premium.  
 2 Q All right. So how do you know this is  
 3 what Mr. Evans was doing?  
 4 A When he gave us recommendations, you know,  
 5 if he was giving us that brief explanation, part of  
 6 the explanation would be, you know, the market moved  
 7 X so we can take advantage of volatility by selling  
 8 an option and collecting a premium.  
 9 Q All right. So you mentioned as well  
 10 that Mr. Evans you understood relied on technical  
 11 analysis, is that right?  
 12 A Yes.  
 13 Q So that's a pretty broad term. What  
 14 does that mean or what do you understand it to mean?  
 15 A I understand it to mean historical price  
 16 analysis. So finding, you know, areas of support,  
 17 resistance, chart patterns.  
 18 Q All right. So why do you think that's  
 19 what Mr. Evans was doing?  
 20 A Like why is he basing it off of technical  
 21 analysis?  
 22 Q No. Like did he show you? Did he tell  
 23 you? Like did you surmise that?  
 24 A Well, my first year at Long Leaf Trading

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1 Group, a lot of my training was him teaching me  
 2 like technical analysis.  
 3 Q Continue, please.  
 4 A So basic technical analysis, support,  
 5 resistance, momentum indicators, what different  
 6 chart patterns are.  
 7 Q All right. How do you know that  
 8 Mr. Evans used that technical analysis to come  
 9 up with trades for customers?  
 10 A When he would give a recommendation to  
 11 us and he was giving the explanation, sometimes he  
 12 would include technical analysis, whether we would  
 13 have, you know, support in the market here or this  
 14 market was trending, you know, this direction.  
 15 Q And how would he deliver this explanation  
 16 to you?  
 17 A He would do it in person.  
 18 Q All right. Were you aware of any other  
 19 factors that Mr. Evans reviewed in determining trade  
 20 recommendations?  
 21 A Not that I'm aware of.  
 22 Q All right. What role, if any, does  
 23 customer liquidity and margin availability play in  
 24 determining what trades to recommend?

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1 A So Tim -- in terms of which trades  
 2 or quantities of trades to recommend, Tim had it  
 3 set at different account funding levels. So, for  
 4 example, a \$10,000 account would trade one spread at  
 5 a time or that's what, you know, the recommendation  
 6 would be. A \$20,000 account would trade two -- or  
 7 get two recommendations or the quantity of two in  
 8 there and so on and so forth.  
 9 Q Got it. So we're looking back at  
 10 Exhibit 83. It looks like, you know, you're  
 11 recommending two spreads to Jose, is that right?  
 12 A Correct.  
 13 Q All right. And that's probably  
 14 because he's got \$20,000 in his account, is that  
 15 correct?  
 16 A Well, that was -- so if a client  
 17 started with \$20,000, the initial recommendations  
 18 would be for a quantity of two. And as balances,  
 19 you know, if like balances worked lower or if they  
 20 worked higher, then Tim would give us the updated  
 21 quantities for it.  
 22 Q Got it. So when you're making this  
 23 recommendation for two spreads to Jose, Mr. Evans  
 24 gave you that number?

<p style="text-align: right;">Page 77</p> <p>1 A Yeah. So he would monitor the net  2 liquidating values and if he came to -- came with  3 a recommendation, he would give us, you know, the  4 quantities. You have this guy do this, have this  5 guy do this.  6 Q So it sounds like sort of the method  7 to Mr. Evans' recommendations, or at least as far  8 as the number of spreads goes, is you get one spread  9 for every 10,000 in your account?  10 A Roughly, yes.  11 Q So why is that the magic number?  12 A The reason being is because he wanted the  13 total risk to be like a certain like percentage of  14 the account. So that way if the recommendations had  15 a bad month, things didn't get turned upside down  16 or anything like that.  17 Q So do you have an understanding of what  18 percentage of the account that the total risk was  19 supposed to be?  20 A In the original -- the sales material  21 they have like a recommended cash management they  22 called it, and that was up to 18 percent. And  23 when a client came aboard, before we got started  24 we discussed like quantities and stuff with them.</p>	<p style="text-align: right;">Page 79</p> <p>1 positions, and I want to look again at 83. Where  2 on 83 does it say what the maximum risk is for the  3 recommendations?  4 A It does not have maximum risk on this.  5 Q Does that maximum risk show up in  6 later recommendations during your tenure or was  7 it always sort of omitted?  8 A So the maximum risk, after we put like  9 the -- had the recommendations executed, we sent the  10 clients a chart of each of the recommendations that  11 would include the profit potential and the maximum  12 risk.  13 Q Got it. Now, 83 does include the profit  14 potential, though, correct?  15 A Correct.  16 Q All right. And what is the basis for  17 this maximum profit potential that we see in 83?  18 A The -- can you rephrase the basis?  19 Q Yeah. So you're looking at 83,  20 Exhibit 83 and it says, "We will be collecting  21 a net credit of \$320 with a maximum potential profit  22 of \$1600." So a person reading this would think,  23 oh, the most I can make, I could potentially make  24 is \$1600, is that right?</p>
<p style="text-align: right;">Page 78</p> <p>1 We would give them a recommended quantity. So, you  2 know, if they were at 10,000, we would recommend  3 this quantity of -- or spreads at a time to do.  4 Q So it sounds like the quantity  5 recommended to a client would be such that if the  6 trades went bad that month, that it's not supposed  7 to eat up more than 18 percent of their account,  8 is that right?  9 A Well, it just depended on what like  10 the client gave us in the orientation I guess  11 because that appointment, it was supposed to be  12 kind of a discussion on expectations. So during  13 that appointment there were some clients that would  14 be comfortable with higher than 18 percent, other  15 clients that, you know, wanted to be at that  16 18 percent. But in general like their understanding  17 was, you know, an 18 percent down period if the  18 recommendations were performing poorly.  19 Q But why 18 percent? Like is that when  20 you get a margin call or something? Is there any  21 magic behind that number?  22 A I'm not sure.  23 Q Okay. So you've been talking about  24 maximum sort of risk of loss from the recommended</p>	<p style="text-align: right;">Page 80</p> <p>1 A Yes.  2 Q So why is the maximum profit potential  3 \$1600?  4 A The maximum profit potential would  5 be \$1600 if we made money on the November call  6 spread and made money on the December call spread.  7 Q Got it. And how frequently was  8 the maximum profit potential achieved for customers  9 on these recommendations?  10 A None that I could recall. Well, the  11 maximum profit potential, like a higher one like  12 this, nothing that I can recall. A maximum profit  13 potential on a credit spread or like a spread like  14 that, when -- from what I remember, when we won on  15 those positions, it was pretty close.  16 Q Sorry, so I don't follow.  17 A Let me see.  18 Q I asked you how often was the maximum  19 profit potential achieved on recommendations.  20 A Oh, okay.  21 Q And what's the answer?  22 A How often would be not very often.  23 Q Okay. Was the maximum profit potential  24 ever achieved on Long Leaf Trading recommendations?</p>

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1 A Yes, I believe so.  
 2 Q And how frequently, please.  
 3 A I don't recall. If I were to estimate,  
 4 we may have one of those positions per month, maybe  
 5 one every two months.  
 6 Q Maybe one every two recommendations?  
 7 A Or one out of every like four  
 8 recommendations, I would say.  
 9 Q Got it. So your testimony is that  
 10 during your tenure at Long Leaf, one out of every  
 11 four recommendations achieved the maximum profit  
 12 potential?  
 13 A I would estimate about like one  
 14 out of four the maximum profit potential because  
 15 other trades, you know, they may have been at like  
 16 a percentage of the profit potential or something  
 17 like that.  
 18 Q Got it. And is there a reason why  
 19 this maximum profit potential was achieved only  
 20 maybe a quarter of the time? Was there something  
 21 in the structure of the trades that made it less  
 22 likely?  
 23 A Not that I know of. It was typically  
 24 that, you know, Tim was looking to take a profit

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1 of a recommendation earlier if he was getting out  
 2 before it reached like a maximum profit potential.  
 3 Q All right. So looking again at 83,  
 4 in this first recommendation it says, "We will be  
 5 collecting a net credit of \$320."  
 6 A Um-hmm.  
 7 Q Do you see that?  
 8 A Yes.  
 9 Q All right. So how is this net  
 10 credit determined? I mean, it seems like that  
 11 number is a mix of four different trades, is that  
 12 right?  
 13 A Yes, it is.  
 14 Q All right. So how do you combine those  
 15 to get a net credit of 320?  
 16 A So the credit is being -- a credit  
 17 is being taken on the November call spread and  
 18 a debit is occurring for the December call spread,  
 19 and the \$320 is the net credit between those two.  
 20 Q Got it. So what I'm asking -- and if  
 21 you don't know, then that's a fine answer, as it  
 22 is to any question. But is there a means by which  
 23 prices are sort of apportioned? Like it seems like,  
 24 you know, if a customer accepts this recommendation,

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1 that Long Leaf Trading is going to have to sell  
 2 these call spreads at prices that are available  
 3 and then they will have to purchase another spread  
 4 at prices that are available, and the idea is that  
 5 it nets out to 320, right?  
 6 A Yes, I believe so.  
 7 Q So that seems to me like a lot of moving  
 8 parts. How do you make it all work?  
 9 A For like actually executing the position?  
 10 Q Yeah.  
 11 A So for that position, from what  
 12 I recall, he would sell the November 1st, the call  
 13 spread, and then he would purchase the December.  
 14 I don't remember if you were able to execute the  
 15 entire thing as like a spread electronically or  
 16 what but --  
 17 Q So does the customer know what prices  
 18 his or her trades are being sort of executed to net  
 19 out to this 320?  
 20 A From what I remember, they did.  
 21 Q How?  
 22 A So it would be through their statements  
 23 after it was executed, but the reason why he would  
 24 have us lay it out like this is so that way they

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1 understood like the dollar amounts behind the  
 2 prices. So instead of saying collecting a net  
 3 credit of 4 or 3, you know, you're given the actual  
 4 like dollar amount of that credit. So that's,  
 5 from what I remember, like why we laid that out  
 6 like that.  
 7 Q Got it. So in advance of execution  
 8 customers were just given a net number, but then  
 9 after execution they learned what particular prices  
 10 each leg of the trade were purchased or sold at,  
 11 is that correct?  
 12 A Yes.  
 13 Q All right. So let's talk about  
 14 exiting positions. So we're looking at 83 and  
 15 83 talks about getting into spreads, is that right?  
 16 A That is correct.  
 17 Q All right. So during your tenure  
 18 at Long Leaf, did you guys just always let the  
 19 options expire or did you try to close them out  
 20 sometimes?  
 21 A A lot of the times it was letting the  
 22 options expire, but there were positions that he  
 23 would close out.  
 24 Q All right. So how was customer

<p style="text-align: right;">Page 85</p> <p>1 approval obtained for positions that were closed  2 out, if it was?  3 A So typically it would be a time  4 and price discretion on each position. It wasn't  5 very specific time and price discretion but,  6 you know, it was kind of the client giving us the  7 ability to close this out when you see fit.  8 Q All right. So what's your -- and  9 I'm not disagreeing in any way with this. But  10 what's your basis for saying that clients gave  11 Long Leaf Trading the authority to close out of  12 a position, you know, when and how they see fit?  13 A They would -- from like what I remember,  14 you know, clients would tell us to get out when we  15 saw fit or give us like the discretion to do so.  16 Q But how was this discretion provided?  17 Like was it -- how about let's break it down. So  18 in connection with the Time Means Money program, did  19 any clients execute powers of attorney?  20 A No, no powers of attorney.  21 Q All right. And I'm pretty sure this  22 is the same thing. But letters of discretion, I've  23 heard that term used.  24 A Yeah, I don't believe any were on letter</p>	<p style="text-align: right;">Page 87</p> <p>1 us the discretion on the exit.  2 Q All right. So would the client -- sorry.  3 A I was going to say if -- whether or not  4 like all clients did, like I don't really recall,  5 but we did not call like individually to get  6 exit prices.  7 Q Or permission to exit?  8 A Correct.  9 MR. SINCLAIR: Done with this?  10 MR. BURDEN: Yeah, thanks.  11 Q All right. So I want to talk about  12 these charts. And if I have to go get them, I will.  13 But when did Long Leaf Trading first start sending  14 out these charts that you described with the maximum  15 profit potential but also the losses?  16 A So I believe the charts were started --  17 they were in place -- I'm pretty confident that  18 they were in place in 2016. So I'd say like later  19 in 2015, a bit after we actually started it out.  20 Q So pretty shortly your testimony  21 is after starting the Time Means Money program,  22 Long Leaf Trading would send customers these charts  23 you described?  24 A Yes.</p>
<p style="text-align: right;">Page 86</p> <p>1 of direction.  2 Q So if Mr. Evans wanted to close out  3 a position rather than letting it expire, would  4 Mr. Evans send emails to customers or ask you to  5 send emails to customers soliciting permission  6 to exit a position?  7 A No, he would not.  8 Q Would Mr. Evans call customers or have  9 you call customers to solicit their permission to  10 exit positions?  11 A No, he would not.  12 Q So was there any documents or account  13 statements or any agreement that a customer signed  14 that would provide this time and price discretion  15 to exit positions, as you described it?  16 A Not that I know of. Not in writing.  17 Q What about orally?  18 A Orally typically was how we had  19 that discretion. So after we had the positions  20 on for a client, we sent out a chart of each of the  21 positions that had like the maximum profit, maximum  22 loss layout, would call them to make sure that they  23 received that and that's where, you know, the client  24 was essentially giving us -- or essentially giving</p>	<p style="text-align: right;">Page 88</p> <p>1 Q All right. So did these charts  2 include sort of prices at which customers -- at  3 which Long Leaf would exit on behalf of customers?  4 A No, there wasn't an indication of  5 an exit on the chart. So the chart would have  6 the symbol of the position, the expiration date,  7 the maximum profit on the position which was net  8 of the commission fees, and then also the maximum  9 loss of the position that included the commissions  10 and fees. And then the actual chart drawing would  11 have like lines and kind of shaded areas of this  12 is where the position's profitable or this is where  13 it would lose money.  14 Q So I just want to explore this idea  15 that these charts that customers received sort  16 of provide some kind of consent by the customer to  17 exit the position. So did customers respond to the  18 chart and say, yeah, get me out at this price?  19 A No, they didn't respond to the  20 chart with a specific instruction. So where  21 that discretion occurred is if we gave them a call  22 after we entered into the position and discussed,  23 you know, the position or, you know, how things  24 were going. And that's where we would let them</p>



Page 89

1 know like, you know, we're going to get out of  
 2 the position where we see fit, if that's all right  
 3 with you.  
 4 Q All right. So your testimony is that  
 5 you called customers and asked them for permission  
 6 to exit positions?  
 7 A Not all customers, but for the ones that  
 8 we did call like after those charts, yes.  
 9 Q All right. That's a confusing answer.  
 10 A I'm sorry. So, yeah, I didn't mean to  
 11 get you mixed up here.  
 12 Q That's all right.  
 13 A So the charts -- the point of the  
 14 charts was not like an authorization to exit  
 15 positions. It was more I think kind of like a  
 16 trade fill, like this is what the position looks  
 17 like, this is the maximum risk, the maximum profit  
 18 potential and all that stuff. When we actually  
 19 like would get discretion is if we called a client  
 20 to catch up with them, let them know how things were  
 21 going, and that's where we would get it. But it was  
 22 very like loose discretion. It wasn't specifically  
 23 we're going to look to get gold out at this price  
 24 but can I have a little leeway, you know. It was

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1 much more general, like all right, you know, get  
 2 out when you guys see fit.  
 3 Q So it sounds like for the most part  
 4 you and the other brokers at Long Leaf did not  
 5 solicit permission from clients to exit trades  
 6 as a general matter?  
 7 A Yes, correct.  
 8 Q But sometimes you would call customers  
 9 and talk to them and sometimes when you talked to  
 10 them, they would indicate that you should exit the  
 11 position as you saw fit?  
 12 A Yeah, that's correct.  
 13 (Whereupon CFTC Exhibit No. 84 was  
 14 marked for identification, MM.)  
 15 Q All right. Mr. Leeney, I want to hand  
 16 you what I've marked as CFTC Exhibit 84. Do you  
 17 recognize this document, Mr. Leeney?  
 18 A This was an email from myself to Tim Evans.  
 19 Q All right. So what's going on here,  
 20 please. It looks like the email was sent from  
 21 you to Mr. Evans Friday, May 26th of 2017 and it  
 22 says, "Was looking at some positions for my guys,  
 23 think I found a few good ones," and then there's  
 24 some text following that.

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1 A Um-hmm.  
 2 MR. SINCLAIR: Yes?  
 3 A Oh, I'm sorry. Yes.  
 4 BY MR. BURDEN:  
 5 Q So what's going on here?  
 6 A So this is giving Tim some trade ideas  
 7 I had for individual clients.  
 8 Q So what happened to these ideas?  
 9 A With these ideas I don't recall what  
 10 happened, but what I would -- what the point of the  
 11 email from Tim was to get his viewpoint on these  
 12 recommendations.  
 13 MR. SINCLAIR: Sorry. The point of  
 14 your --  
 15 THE WITNESS: Oh, I'm sorry.  
 16 A The reason I sent this to Tim was  
 17 to get his viewpoint on the recommendations that  
 18 I developed.  
 19 BY MR. BURDEN:  
 20 Q Did Mr. Evans give you any feedback?  
 21 A I don't recall.  
 22 Q Were these recommendations provided  
 23 to clients?  
 24 A I don't recall if they were or not.

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1 Q Did you provide recommendations to  
 2 Mr. Evans that were then incorporated into the Time  
 3 Means Money program?  
 4 A I don't remember. These could have been  
 5 ideas that I sent him like in -- like to utilize for  
 6 the Time Means Money program.  
 7 Q Do you know if Mr. Evans did, in fact,  
 8 utilize them?  
 9 A I do not, no.  
 10 MR. SINCLAIR: Done with that one?  
 11 MR. BURDEN: Yes.  
 12 (Whereupon CFTC Exhibit No. 85 was  
 13 marked for identification, MM.)  
 14 Q All right. I want to hand you what I've  
 15 marked as CFTC Exhibit 85. And do you recognize  
 16 this document, please.  
 17 A Yes, so this is giving Tim again some  
 18 recommendation ideas. I don't know if these were  
 19 for the Time Means Money program or not.  
 20 Q Were these ideas accepted by Mr. Evans?  
 21 A I don't recall.  
 22 Q Did you receive any feedback from  
 23 Mr. Evans?  
 24 A I don't recall.

<p style="text-align: right;">Page 93</p> <p>1 Q All right. So with respect to the 2 Time Means Money program, is it fair to say that 3 substantially all of Long Leaf Trading's clients 4 during your tenure there participated in that 5 program? 6 A Yes, that's fair to say. 7 (Whereupon CFTC Exhibit No. 86 was 8 marked for identification, MM.) 9 Q I want to hand you what I've marked 10 as CFTC Exhibit 86. Do you recognize this document, 11 Mr. Leeney? 12 A This looks like a chat measure or a 13 chat conversation, like a Skype chat conversation. 14 Q Between yourself and Mr. Evans, correct? 15 A Correct. 16 Q So what's going on here, please. 17 A It looks like I was giving 18 a recommendation idea to Tim, and the second 19 one looks like I wanted to make 10,000 this week 20 and I finally have room in the accounts to do it. 21 Q All right. So what does that mean? What 22 does the room in the accounts mean? 23 A That they had room to place positions. 24 I may have been offsetting a position before or</p>	<p style="text-align: right;">Page 95</p> <p>1 experience or really in depth like market knowledge 2 or know how to price out a spread necessarily, so 3 I would clarify things for them sometimes. 4 Q Got it. So looking here, it says 5 900 net risk for this first trade. What does that 6 indicate? 7 A So \$900 net risk would be the risk 8 of a position, plus the commission and fees for the 9 position. 10 Q What role if any did commissions and 11 fees play in trade recommendations, if you know? 12 A I mean, I would imagine pretty -- 13 MR. SINCLAIR: Would you ask the question 14 again, please. 15 MR. BURDEN: Mary, what was that, please. 16 (Whereupon the portion of the record 17 was read as requested.) 18 A Are you referring to the design or how 19 they were recommended? 20 Q Yes. 21 A Typically a position when it was 22 recommended, the way Tim wanted to have it done 23 was to have for every \$1 in profit potential, at 24 most \$2 in risk.</p>
<p style="text-align: right;">Page 94</p> <p>1 maybe the account was down and, you know, the equity 2 went back up. 3 Q Got it. When you say, "I gotta do 4 like 10 Gs," do you mean like worth of commissions 5 or for yourself or what does that indicate? 6 A That would most likely indicate worth 7 of commissions. 8 (Whereupon CFTC Exhibit No. 87 was 9 marked for identification, MM.) 10 Q Got it. I want to hand you what 11 I've marked as Exhibit 87. Do you recognize this 12 document? 13 A So this is an email from me to Jeremy 14 Ruth, Vince Prieto and Tim Evans. 15 Q So what's going on here? Are you 16 recommending more trades? 17 A So this is an email that I put together 18 for Jeremy Ruth and Vince that is giving them Tim's 19 recommendation for the Time Means Money program that 20 month. 21 Q Got it. So this was Mr. Evans' 22 recommendation and you were just laying it out for 23 Mr. Ruth and Mr. Prieto, correct? 24 A Yes. They didn't have much trading</p>	<p style="text-align: right;">Page 96</p> <p>1 Q So talk to me, though, about the role 2 of commissions. What role did commissions play, 3 if any, in designing trades, if you know? 4 A Oh, so I think that they did play 5 a role, you know, when they went to the four-way 6 strategies and things like that, you know. They 7 did reduce risk on positions as well, but you were 8 doing extra transactions with it. 9 Q Could you expound on that for me, please. 10 A Expand on the risk or the -- 11 Q Yeah. So it sounds like Mr. Evans 12 was working to design trades and, you know, in 13 determining how risky or profitable a trade might 14 be, there's also the element of commissions which 15 will eat away at any profit you get, right? 16 A Correct. 17 Q And, additionally, if the trade is 18 unsuccessful and it loses money, those commissions 19 will still be assessed against customers and to the 20 benefit of Long Leaf Trading, correct? 21 A Yeah, that is correct. 22 Q All right. So do you know if Mr. Evans 23 considered commissions in putting together these 24 trades?</p>



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1 A I don't know.  
 2 Q So I want you to look, if you could,  
 3 please, at the second page of Exhibit 87. You'll  
 4 see this is a group exhibit.  
 5 A Okay.  
 6 Q So what's going on in this second  
 7 page of Exhibit 83? It's an email from you to  
 8 Mr. Ruth dated June 23, 2017. What is this, please.  
 9 A This email, I was giving Jeremy  
 10 Ruth an example of how I recommended a position.  
 11 Q And was the idea that Mr. Ruth would  
 12 forward this on to his own clients?  
 13 A No, because Jeremy used pretty much  
 14 all telephone call for recommendations. He may have  
 15 just been curious on how I did recommendations.  
 16 Q Did you provide the narrative for the  
 17 recommendations for other brokers or junior brokers  
 18 at Long Leaf Trading?  
 19 A When Tim would give a recommendation,  
 20 sometimes if he didn't have like a lot of detail,  
 21 I would help them with clarifying it if they had,  
 22 you know, questions or something like that.  
 23 Q So would this help include drafting the  
 24 email for them?

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1 A No, I didn't draft the emails for them.  
 2 Q Were the brokers all responsible for  
 3 drafting their own emails?  
 4 A Yes, they were all responsible for  
 5 making their own calls with clients and drafting  
 6 their own emails with clients.  
 7 (Whereupon CFTC Exhibit No. 88 was  
 8 marked for identification, MM.)  
 9 Q I want to hand you what I've marked  
 10 as CFTC Exhibit 88. Do you recognize this document  
 11 and, if so, can you tell me what it is, please.  
 12 A So this is an email -- or a Skype message  
 13 I think from me to Tim.  
 14 Q And what are you doing in this message,  
 15 please.  
 16 A Sending him a trade idea.  
 17 Q And was this trade idea accepted by  
 18 Mr. Evans?  
 19 A I may have been just looking for  
 20 feedback. I don't know if it was accepted or not.  
 21 Q So why were you trying to come up  
 22 with trades and sort of get feedback if all these  
 23 trades are coming from Mr. Evans? It seems sort  
 24 of superfluous to me.

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1 A So at the time I still had a few clients  
 2 that I worked with, like broker assisted, outside  
 3 of Time Means Money. So I would still bounce  
 4 ideas off of Tim if I had like an additional  
 5 recommendation for those clients. There was also  
 6 times where I would send him ideas, you know, if  
 7 performance was suffering or just to give him like  
 8 a different viewpoint or something like that.  
 9 Q And who were the names of the clients  
 10 you were working with outside of the Time Means  
 11 Money program, please.  
 12 A I believe -- so one client was  
 13 a Paul Kelly. I can't recall the other names.  
 14 Q About how many do you think there were?  
 15 A I don't think that there was more than  
 16 five.  
 17 Q And how many clients did you have  
 18 that participated in the Time Means Money program?  
 19 A A number of clients have participated  
 20 in the Time Means Money program. I would estimate  
 21 around 15.  
 22 Q That was for your entire tenure at  
 23 Long Leaf?  
 24 A No, not my entire tenure.

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1 Q Total.  
 2 A Total?  
 3 Q Yeah.  
 4 A I don't know specifically. I would  
 5 estimate maybe around 25 or 30.  
 6 Q Got it. And then another five who  
 7 didn't trade under Time Means Money, correct?  
 8 A Yeah, about that amount.  
 9 Q And those other clients, you gave  
 10 them your own personal recommendation outside of  
 11 the Time Means Money program, correct?  
 12 A Sometimes I would give them a Time  
 13 Means Money recommendation. Other times I would  
 14 give them, you know, a personal recommendation from  
 15 myself.  
 16 Q And were those, your own personal  
 17 recommendations, were they sort of also options  
 18 credit spreads?  
 19 A Primarily options credit spreads.  
 20 I may have been doing some different stuff, but  
 21 I think it was primarily the options credit spreads.  
 22 Q So the same type of recommendation that  
 23 was provided to clients under the Time Means Money  
 24 program?

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1 A Yes, same type of recommendation.  
 2 (Whereupon CFTC Exhibit No. 89 was  
 3 marked for identification, MM.)  
 4 Q All right. I want to hand you what  
 5 I'm going to mark as CFTC Exhibit 89, and this also  
 6 is a group exhibit. I want you to take a moment to  
 7 look at it, if you would, please, and tell me if you  
 8 recognize it.  
 9 A All right. Yeah, so this is the charts  
 10 that we would send our clients at the end of the  
 11 month -- or after the four positions were accepted.  
 12 Q Got it. So if we look at Exhibit 89,  
 13 we've got an email here from you to Mr. Evans dated  
 14 September 1, 2017. Do you see that?  
 15 A Yes.  
 16 Q And you're attaching a bunch of these  
 17 charts and the subject is 2nd Review. So do you  
 18 create the charts and send them to Mr. Evans to  
 19 review?  
 20 A Well, before this Jeremy Ruth created  
 21 the charts, and then he would share them with the  
 22 rest of us after Tim approved those charts. But  
 23 before this time period Jeremy Ruth was fired, so  
 24 Tim had asked me to create the charts and then

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1 I would send it to them.  
 2 Q So how do you create the charts?  
 3 A So the way I created a chart was just  
 4 through I think it was like a Windows snipping tool  
 5 or like a screen capture type software.  
 6 Q What did you snip and capture?  
 7 A So I'd snip and capture a daily chart of  
 8 that market, and then on that chart I would outline  
 9 what we sold, what we bought and then also where the  
 10 position was profitable and where the position would  
 11 lose money.  
 12 Q So this isn't like from QuikStrike. This  
 13 is just something you did manually?  
 14 A Yes, this is just manually.  
 15 Q All right. And the second email in  
 16 Exhibit 89, it looks like that's Mr. Evans approving  
 17 the charts, is that right? No, it isn't.  
 18 A So the second email?  
 19 Q Yeah. What's going on in the second  
 20 email in 89, please.  
 21 A So the second email was an explanation  
 22 that I wrote up for each of those positions. I  
 23 don't recall if we used this explanation before,  
 24 but the reason I sent it to Tim is I figured it

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1 would be an extra benefit for a client to be able  
 2 to look up a price. So this was just making sure  
 3 that was okay with him to send out.  
 4 Q All right. And did you then send this  
 5 out to clients?  
 6 A I believe so. I don't recall exactly,  
 7 though.  
 8 Q Did the other brokers send out your  
 9 descriptions to clients?  
 10 A They may have. I'm not sure.  
 11 Q Did you forward these descriptions to  
 12 other brokers?  
 13 A I would imagine so.  
 14 Q Okay. Why did you do that?  
 15 A Just to -- it was a team effort, sharing  
 16 what I had, so they didn't have to do that.  
 17 Q So they could then send that to their  
 18 clients if they wanted to, correct?  
 19 A Correct.  
 20 (Whereupon CFTC Exhibit No. 90 was  
 21 marked for identification, MM.)  
 22 Q All right. Sir, I want to hand  
 23 you what I've marked as CFTC Exhibit 90. This  
 24 is another group exhibit consisting of two emails.

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1 A Yeah, so this is an email that I sent  
 2 to Mark Burns.  
 3 MR. BURDEN: Oh, sorry (tendering).  
 4 MR. SINCLAIR: Thank you.  
 5 A That I sent to Mark Burns, who is a junior  
 6 broker.  
 7 BY MR. BURDEN:  
 8 Q All right. And it looks like it's  
 9 providing some criticism here for Mr. Burns'  
 10 conduct, is that --  
 11 A Yes. Tim had us -- kind of like  
 12 a quota every month for a specific amount of dials  
 13 and appointment sets that a junior broker would  
 14 have. And when the junior brokers were working  
 15 with us, you know, we had to stay on top of them  
 16 for reaching those measures that Tim put in place.  
 17 Q Got it. So it says requirement through  
 18 the end of April and what has been produced through  
 19 the end of April. So how is Mr. Burns doing here  
 20 in this first email in Exhibit 90?  
 21 A Poorly.  
 22 Q And it sounds like you're sort of taking  
 23 him to task for that, is that fair to say?  
 24 A Yes, that is.

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1 Q All right. So let's turn, if we could,  
 2 please, to the next email in Exhibit 90, which is  
 3 from you to Mr. Konrath.  
 4 A Okay.  
 5 Q And you're providing some feedback to  
 6 Mr. Konrath, is that right?  
 7 A Yes.  
 8 Q All right.  
 9 A This is my other junior broker that was  
 10 working with me at the time.  
 11 Q Got it. And how's Mr. Konrath doing?  
 12 A Mr. Konrath looks like he's doing good.  
 13 Q Yeah. So he was doing much better, right?  
 14 A Um-hmm.  
 15 Q Yes?  
 16 A Yes.  
 17 Q All right. And then the final exhibit --  
 18 the final email in Exhibit 90 is another email  
 19 from you to Mr. Burns. And Mr. Burns continues  
 20 to struggle and you're holding him accountable  
 21 for that, is that fair to say?  
 22 A Yes.  
 23 Q All right. So these two junior brokers,  
 24 they worked under you, correct?

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1 A Correct.  
 2 Q What did they do for you, please.  
 3 A So they would call leads and  
 4 set appointments, and eventually they would  
 5 take a prospective client through the introductory  
 6 appointment, and then they would pass off the lead  
 7 from there.  
 8 Q Pass it off to you, correct?  
 9 A Correct.  
 10 Q So Mr. Burns and Mr. Konrath, did they  
 11 work for other brokers or just for you?  
 12 A So initially just for me and then Tim  
 13 changed it when we moved to the new Regus spot --  
 14 or the new Regus suite where all the junior brokers  
 15 kind of worked in a bullpen together, and they  
 16 didn't work with anyone in particular. So in that  
 17 suite the junior brokers would set an appointment  
 18 and then Brian Adams, who worked in like an  
 19 administrative role, he would put that on, you  
 20 know, a senior broker's calendar.  
 21 Q Got it. So Exhibit 90, is this like  
 22 a review for Mark Burns and Konrath?  
 23 A Yeah, so just letting them know like  
 24 where they're at and what they should work on.

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1 Q I mean, is it like an annual review or  
 2 is it like a monthly review or did you -- like why  
 3 this now?  
 4 A I don't think I did this on  
 5 a monthly basis. I think it was just kind of  
 6 a sporadic review. I would -- from what I remember,  
 7 I would do them here and there but nothing very  
 8 regularly.  
 9 Q All right. Did Mr. Evans provide reviews  
 10 to Mr. Burns or Mr. Konrath?  
 11 A Yes, he did.  
 12 Q And were those written or verbal?  
 13 A Usually verbal. If he wanted something  
 14 a junior broker to understand, feedback or something  
 15 like that, he would call me in and let me know what  
 16 to say to the junior brokers or what they need to  
 17 work on. Then I would take that to them. There was  
 18 other things, like if we were training, like I would  
 19 give them feedback on, you know, doing like a sales  
 20 call or something like that.  
 21 Q So were you sort of the person  
 22 who immediately kind of supervised their calls?  
 23 A Well, Tim supervised all the calls  
 24 obviously. But I would give them feedback because,

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1 you know, working with me was supposed to be kind  
 2 of like a mentorship type of role. But in terms  
 3 of like the content of their calls, I didn't have  
 4 control over that. That was part of Tim's process.  
 5 (Whereupon CFTC Exhibit No. 91 was  
 6 marked for identification, MM.)  
 7 Q Got it. All right. Mr. Leeney,  
 8 I want to hand you what I've marked CFTC Exhibit 91.  
 9 This is another group exhibit consisting of multiple  
 10 emails. Do you recognize this document?  
 11 A Yes. So this was from me to another  
 12 junior broker.  
 13 Q Is that broker Connor Campo?  
 14 A Yes, that is correct.  
 15 Q All right. And what's the purpose of this  
 16 email? What are you saying here?  
 17 A So the purpose of this email was  
 18 we would get what was called a customization  
 19 appointment that the junior broker section would  
 20 set up. And then if -- for example, if we had  
 21 someone that came on to a customization program and  
 22 they weren't qualified or, you know, if they weren't  
 23 a good fit or even if we were listening to a demo  
 24 appointment before the customization to get an

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1 idea of who that guy was, we would give feedback  
 2 to the junior brokers.  
 3 Q All right. So Exhibit 91, this email  
 4 from you to Mr. Campo, it sounds like you were  
 5 listening in on a demo appointment that Mr. Campo  
 6 had with somebody named Grant Thompson, is that  
 7 right?  
 8 A Yes, correct.  
 9 Q All right. And you're giving him some  
 10 feedback on this, right?  
 11 A Yes.  
 12 Q And your feedback is that this demo  
 13 went pretty well it sounds like, is that fair  
 14 to say?  
 15 A Yes, that's fair to say.  
 16 Q Right. And so you say, "You identified  
 17 his path. You've turned his fear into a selling  
 18 point. You've knocked down the objection that  
 19 you will hear at the end a lot of the time, which  
 20 is, 'well, I have to read a little more and learn  
 21 first.' You've qualified him and now with the  
 22 demo you can start to put him in buying mode."  
 23 So you wrote that?  
 24 A Yes.

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1 Q All right. So it sounds like the  
 2 focus -- so let's turn, if we could, please, to  
 3 the next email in Exhibit 91. And this is an email  
 4 from you to Mr. Konrath, correct?  
 5 A That is correct.  
 6 Q All right. And it looks like you're  
 7 giving Mr. Konrath some feedback on a call you  
 8 listened to with a potential customer named Dave  
 9 Curry, is that right?  
 10 A Yes.  
 11 Q All right. So how did Mr. Konrath do  
 12 on this call?  
 13 A It looked like he did okay but not great.  
 14 Q All right. So what did you tell him  
 15 to improve things?  
 16 A I told him to improve things by giving  
 17 him a sense of urgency.  
 18 Q Why is a sense of urgency important?  
 19 A Well, the sense of urgency to do the next  
 20 appointment or for -- to actually do a customization  
 21 appointment.  
 22 Q Got it. So is it fair to characterize  
 23 in Exhibit 91 that the focus of these critiques for  
 24 your junior brokers was improving sales talks or to

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1 be more persuasive?  
 2 A Yeah, correct.  
 3 Q All right. And I don't have it in front  
 4 of me. I should, but I don't. Did you develop a  
 5 junior broker development plan at Long Leaf Trading?  
 6 A Yes, that was a proposal that I had given  
 7 to Tim.  
 8 Q All right. So why did you make this  
 9 proposal?  
 10 A I made that proposal because at the  
 11 time I wasn't very happy with the environment that  
 12 the junior brokers were working in. When we went to  
 13 the new Regus space, they were kind of all crammed  
 14 into a bullpen and, you know, I felt that it was  
 15 just kind of a sweat shop environment. So I sent  
 16 him that as a proposal of how he can do things  
 17 different.  
 18 Q All right. And you talked as  
 19 well in the development plan about transitioning  
 20 to an entrepreneurial environment, is that right?  
 21 A Correct.  
 22 Q So what did you mean by that?  
 23 A What I meant by that is an environment  
 24 where everything doesn't have to be like uniform

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1 and standardized, you know. You can work with  
 2 clients the way you see fit. You can work with  
 3 junior brokers or junior brokers can actually  
 4 develop into, you know, a senior broker.  
 5 Q So what made you want to do this?  
 6 I mean, we have junior people here at the CFTC and  
 7 I don't care about them.  
 8 A Well, part of it was I brought on John  
 9 Konrath, who was a friend's younger brother, and  
 10 I felt bad that he was going in under the impression  
 11 that he'd have the opportunity to kind of grow into  
 12 a more senior role. And it was clear that that was  
 13 not happening with any of these guys, even though  
 14 that that's what they were led to believe coming  
 15 in. So I felt that that, you know -- I didn't like  
 16 that part of it, but also more of an entrepreneurial  
 17 environment, like being able to customize a service  
 18 to the client and not just, you know, fit a square  
 19 peg in a round hole. So if people were looking  
 20 to learn more, do more educational stuff or do  
 21 different types of recommendations or -- yeah,  
 22 so that's what I meant.  
 23 Q How was your development plan received  
 24 by Mr. Evans?



<p style="text-align: right;">Page 113</p> <p>1 A I don't believe it was received.  2 I think it was ignored.  3 Q You sent it to him, though?  4 A Yes, I sent it to him. I should say --  5 I'm sorry. To the best of my knowledge, I sent it  6 to him. I found that on my laptop, but I'm fairly  7 confident that I gave it to him.  8 (Whereupon CFTC Exhibit No. 92 was  9 marked for identification, MM.)  10 Q Yeah. So let me hand you what I've  11 marked as CFTC Exhibit 92, and 92 is another --  12 a group exhibit comprised of three emails. And when  13 you've had a chance to review it, I'd like to ask  14 you about them, please.  15 A Okay.  16 Q All right. So do you see the first  17 email in 92? It looks like it's dated August 28,  18 2017 and it's from you to Hayden Alexander, is that  19 right?  20 A Yes, that's correct.  21 Q So who is Hayden Alexander?  22 A He was a client of mine.  23 Q All right. So you're writing to  24 Mr. Alexander and you're saying -- and this is</p>	<p style="text-align: right;">Page 115</p> <p>1 you're saying the same thing you said in the  2 email to Hayden Alexander which is, "We were down  3 in June and found a few different positions that  4 had higher premium at the same risk level in July  5 that we felt would give us a good opportunity to  6 make up for that loss, but we did not end up keeping  7 all of it as profit, only a smaller portion of it."  8 Well, I guess that's not quite  9 the same thing. So -- okay. I remember what I was  10 looking at here. So looking further down the email  11 chain from you to Mr. Dingler --  12 A Okay.  13 Q -- it's the email dated August 28, 2017  14 but at 10:42 a.m. So this is on the --  15 A On the --  16 Q -- on the fifth page of Exhibit 92.  17 A Okay.  18 Q All right. So you're saying here the  19 same thing you said to Mr. Hayden Alexander which  20 is, "I would prefer not to add any new positions for  21 this next month. We want to make sure that we have  22 the utmost confidence in potential opportunities  23 they we would look to take advantage of" -- I think  24 that's a typo -- "and we just simply aren't seeing</p>
<p style="text-align: right;">Page 114</p> <p>1 the second paragraph I'm reading from --  2 "Looking forward, at least for the next month, I  3 think the opportunities are dried up, which is why  4 we wanted to hold tight for a month or two until we  5 get a better feel on outlook." Do you see that?  6 A Yes.  7 Q All right. So I want you to flip,  8 if you could, to the next email in Exhibit 92.  9 And it's between you and Mr. Andy Dingler, and I  10 think it actually starts on page 4 of Exhibit 92.  11 There's an email dated August 29, 2017 from you to  12 Mr. Dingler. Who's Mr. Dingler, please.  13 A Andy Dingler, I don't recall if he  14 was one of my clients or a client of another broker.  15 In this time frame there was a few brokers that had  16 left right before this, and then I was responsible  17 for having to give the recommendations to their  18 old clients.  19 Q So Mr. Dingler you don't remember  20 and that may be because you inherited him, is that  21 right?  22 A That's -- yes.  23 Q All right. So I want to direct  24 your attention to the second paragraph. And</p>	<p style="text-align: right;">Page 116</p> <p>1 enough right now."  2 And if you turn the page again,  3 you know, it looks like there's an email two days  4 later on August 30th to you from Chandra. Who's  5 Chandra, please.  6 A Chandra, I don't recall.  7 Q All right. And it looks like you're  8 sending a trade recommendation to this customer  9 Chandra, is that right?  10 A Yes, that's correct.  11 Q All right. So what's going on here?  12 We've got two emails in Exhibit 92 from August 28th  13 where, you know, you're telling two of the clients  14 we're going to hold off for a while and then a  15 couple days later you've got -- recommendations  16 go out it seems to all of the other clients.  17 Do you recall this instance? Can  18 you tell me about it?  19 A I don't recall it. You know, it's  20 possible after losing positions, those two other  21 clients, you know, we felt like they shouldn't take  22 on any more risk. So that's why I was not giving  23 the recommendations.  24 Q So when you talk about holding off</p>

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1 on trading in your emails to Mr. Alexander and  
 2 Mr. Dingler, Long Leaf Trading wasn't holding  
 3 off trading for all of the clients, just those  
 4 two, right?  
 5 A I believe so. I don't know if there was  
 6 anyone in addition.  
 7 Q Okay. And after this do you recall,  
 8 did customer recommendations continue to go out?  
 9 A After this, from what I recall, yes.  
 10 Q Did customer recommendations go out  
 11 to Mr. Dingler or Mr. Alexander or were they sort  
 12 of done?  
 13 A I don't know. I left shortly after this.  
 14 Q Okay. So I want to switch gears  
 15 a little bit and ask about how did your customers  
 16 do with the Time Means Money trades? Did they make  
 17 money? Did they lose money?  
 18 A No, they didn't do well.  
 19 Q Could you elaborate? How badly did they  
 20 do?  
 21 A Many clients, from what I remember,  
 22 were -- probably lost over 50 percent of their  
 23 account, some right around there.  
 24 Q Okay. Were there any customers of yours

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1 that made money doing the Time Means Money trading?  
 2 A No, not that I recall.  
 3 Q All right. What about the other  
 4 customers at Long Leaf, do you have any knowledge  
 5 or understanding of how they did?  
 6 A Outside of the Time Means Money program?  
 7 Q No, no. When I asked about your clients,  
 8 I'm going to ask you if you have knowledge of what  
 9 other people's clients did, the firm's clients as  
 10 a whole.  
 11 A Yes, because in August -- or July  
 12 and August of 2017 two brokers left, and then  
 13 in August I had to give the recommendations to  
 14 almost like all the clients in the Time Means Money  
 15 program. And a lot of them -- or most them were  
 16 down pretty significantly.  
 17 Q And how could you tell?  
 18 A They were upset, not happy with the  
 19 results at all. There was, you know -- usually  
 20 if someone was upset then, you know, I had to send  
 21 them over to Tim for him to talk to them. Some  
 22 people wanted to talk to Tim in regards to that.  
 23 Q All right. So did you talk to  
 24 anybody about -- at Long Leaf Trading about the

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1 poor performance of these recommendations?  
 2 A I did with Tim, you know, in like that  
 3 late spring, that summer meeting.  
 4 Q Yeah.  
 5 A And it was very evident after a  
 6 couple months that he was not going to be making  
 7 any changes, and I just did not see it getting any  
 8 better.  
 9 Q And that was spring and summer of what  
 10 year, please.  
 11 A '17, so 2017.  
 12 Q Did you share your knowledge of the  
 13 results with anybody else, Mr. Ruth, other brokers?  
 14 A The results of --  
 15 Q The fact that the trades were going so  
 16 badly for customers.  
 17 A Well, I didn't share that knowledge,  
 18 but it was common knowledge because their clients  
 19 were doing Tim's recommendations as well.  
 20 Q Well, what I'm asking is did you talk  
 21 about that with any of your fellow brokers, right?  
 22 Like did you say Jeremy --  
 23 MR. SINCLAIR: Excuse me. Could you  
 24 put a time frame on this because he testified

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1 that Ruth left sometime in late July --  
 2 THE WITNESS: Or it was August.  
 3 MR. SINCLAIR: -- or early August.  
 4 They're talking about August, so he may not  
 5 have been there to talk to him. So I'm just  
 6 looking for a time frame between I guess May,  
 7 the May '17, the May meeting in '17 and going  
 8 forward, if that's what you're looking for.  
 9 BY MR. BURDEN:  
 10 Q Well, I think what I'm seeking is  
 11 instances when this happened, and I'll ask you  
 12 for times and when. During your tenure at Long  
 13 Leaf, did you have discussions with any of the other  
 14 personnel there about these trade recommendations?  
 15 Like did you say to Mr. Konrath, right, who's a  
 16 friend of -- your brother's friend, right, or  
 17 friend's brother?  
 18 A Friend's brother, yeah.  
 19 Q Yeah. Did you ever talk to these guys  
 20 and say I can't believe how badly this is going?  
 21 A I don't remember specifically, but  
 22 we definitely openly had complained to each other  
 23 about it.  
 24 Q All right. And when did these complaints



<p style="text-align: right;">Page 121</p> <p>1 start?</p> <p>2 A I don't recall exactly but -- you</p> <p>3 know, because you're kind of talking about banter</p> <p>4 between --</p> <p>5 Q Yeah.</p> <p>6 A -- guys at the office. So I don't really</p> <p>7 recall specifically.</p> <p>8 Q All right. Well, let me ask you this.</p> <p>9 Did you receive daily client account statements for</p> <p>10 all of your customers?</p> <p>11 A Yes.</p> <p>12 Q All right. And did you review those</p> <p>13 statements?</p> <p>14 A Not every day.</p> <p>15 Q How frequently did you review them?</p> <p>16 A I would say maybe once or twice a week.</p> <p>17 Q And did you understand those statements?</p> <p>18 A I did, yes.</p> <p>19 Q And you received those statements from</p> <p>20 Gain Capital, correct?</p> <p>21 A Correct, yes.</p> <p>22 Q All right. So when did you come to</p> <p>23 understand that the Time Means Money recommendations</p> <p>24 were not resulting in profitable trades for clients?</p>	<p style="text-align: right;">Page 123</p> <p>1 you know, offered to customers, right?</p> <p>2 A Yeah, mid 2015, yes.</p> <p>3 Q All right. So during this period were</p> <p>4 customers up? Did customers make money?</p> <p>5 A I'm not sure of what the performance was</p> <p>6 like. From what I recall, the performance actually</p> <p>7 started out relatively strong. I remember after he</p> <p>8 initially started the program, there was a really</p> <p>9 bad like month where he was taking on too much risk</p> <p>10 with positions, and that's when I went to them with</p> <p>11 that concern. But I think there was a period</p> <p>12 shortly after that that the trading was -- the trade</p> <p>13 recommendations were pretty consistent for a period.</p> <p>14 I don't remember how long it was for, though.</p> <p>15 Q So for the period mid 2015 through early</p> <p>16 2017, if you recall, did profits on trades outstrip</p> <p>17 losses or did losses outstrip profits?</p> <p>18 A From mid 2015 to early 2017?</p> <p>19 Q Yeah.</p> <p>20 A I would say that losses probably</p> <p>21 outstripped profits.</p> <p>22 Q All right. And how do you know</p> <p>23 that? Because you got the statements every day,</p> <p>24 right?</p>
<p style="text-align: right;">Page 122</p> <p>1 A It became very prevalent in like --</p> <p>2 you know, I forgot if it was the first part of</p> <p>3 2017 that performance was suffering or if it was</p> <p>4 like a little bit after that, you know. Previously</p> <p>5 like we, you know, sometimes would be up and down</p> <p>6 where you'd make money with recommendations in a</p> <p>7 month, you'd lose money in a month, but there was</p> <p>8 a period where it felt very prolonged that most</p> <p>9 of the recommendations were losing money.</p> <p>10 Q Got it. So your testimony is that</p> <p>11 from the inception of the Long Leaf Trading program</p> <p>12 through early 2017 there were up months and there</p> <p>13 were down months, is that correct?</p> <p>14 A From what I recall. I don't recall</p> <p>15 like specific like results and things like that.</p> <p>16 Q Got it. But from the early part of</p> <p>17 '17 -- or at the early part of 2017 you sort of</p> <p>18 were coming out of a long period of losing trades</p> <p>19 and that caused you to question whether these trades</p> <p>20 were any good, is that fair to say?</p> <p>21 A Yeah, that's fair to say.</p> <p>22 Q All right. So I want to go back to this</p> <p>23 early period, which is mid 2015 through early 2017.</p> <p>24 And that's a period when Time Means Money was being,</p>	<p style="text-align: right;">Page 124</p> <p>1 A Yeah.</p> <p>2 Q All right. Inside Long Leaf Trading</p> <p>3 did you have a way to keep track of the trades?</p> <p>4 A I had a delayed news feed through</p> <p>5 Gain Capital, like their platform, where you can</p> <p>6 look at prices and charts.</p> <p>7 Q All right. Well, how did you have this</p> <p>8 set up?</p> <p>9 A The -- well -- or, actually, I don't</p> <p>10 think it was a delayed news feed. I think it was</p> <p>11 just like the live feed, but it was like through</p> <p>12 Gain's platform. And I believe I just had a quote</p> <p>13 board and one chart set up on like two individual</p> <p>14 screens.</p> <p>15 Q So let me -- you know, what I'm asking</p> <p>16 about is these trade recommendations that Long Leaf</p> <p>17 provides and that you sent to customers, you know,</p> <p>18 Long Leaf would send out four recommendations</p> <p>19 a month, right?</p> <p>20 A Um-hmm.</p> <p>21 Q Yes?</p> <p>22 A Yes.</p> <p>23 Q There you go.</p> <p>24 A I'm sorry.</p>

<p style="text-align: right;">Page 125</p> <p>1 Q And each recommendation would have 2 four trades within it, two option sales and two 3 option purchases, is that correct? 4 A Yes, correct. 5 Q So you're talking about 16 individual 6 trades a month, right? 7 A Yes. 8 Q So that is a lot to keep track of. It's, 9 you know -- the value of the contracts is changing 10 throughout the month, right? 11 A Correct. 12 Q And at some point they're going to expire, 13 right? 14 A Yes. 15 Q Or you're going to trade out of those 16 positions, right? 17 A Correct. 18 Q So I know you're getting the statements 19 every day. I know you're getting the statements on 20 a weekly and monthly basis as well, right? 21 A Yes. 22 Q But that's complicated. Did you have 23 a way of monitoring how those recommendations were 24 performing?</p>	<p style="text-align: right;">Page 127</p> <p>1 March of '17, April of '17 and then May of '17, 2 which is blank. Am I reading that right? 3 A Yes, correct. 4 Q So, you know, was this something that 5 Mr. Ruth sent out regularly? 6 A From what I recall, he did. 7 And what it is is that would be the result of 8 the four recommendations from the month with the 9 corresponding quantity of positions that a client 10 was doing. So, for example, in the first column, 11 that's if they were trading one spread, second 12 column, two spreads and so on. 13 Q All right. So it looks like -- so in 14 May of '17 if you traded all four recommendations, 15 you would have lost \$970.21 for every spread you 16 did, right? 17 A Or for March of '17? 18 Q Yeah. 19 A Yeah, for March, correct. 20 Q All right. Let me do that again. So for 21 March of '17, according to Mr. Ruth's spreadsheets 22 customers if they took the recommendation, they 23 would lose \$970.21 for every spread they entered 24 into, is that correct?</p>
<p style="text-align: right;">Page 126</p> <p>1 A No, we didn't have like an online 2 login portal that would lay things out. Tim's 3 primary responsibility was for monitoring those and 4 tracking them. 5 Q Did he share that tracking with you? 6 A No, he did not. 7 (Whereupon CFTC Exhibit No. 93 was 8 marked for identification, MM.) 9 Q All right. So I want to hand you what 10 I've marked as CFTC Exhibit 93. Do you recognize 11 these documents? 12 A Yes. This is an email from Jeremy Ruth 13 to myself, Vince Prieto and Pierre Halteh showing 14 the results -- 15 Q All right. So -- 16 A -- of the recommendations. 17 Q Got it. So Jeremy Ruth is sending 18 this to you and some of the other brokers in May 19 of 2019, right? 20 A Yes. 21 Q All right. And so there's a spreadsheet 22 attached to the email, right? 23 A That's correct. 24 Q So it appears to show three months,</p>	<p style="text-align: right;">Page 128</p> <p>1 A Yes, correct. 2 Q All right. So April '17 we have larger 3 losses, is that correct? 4 A Yes, that is correct. 5 Q So in April of '17 for a customer 6 who took the recommendations and did one spread, 7 they would lose \$1105.36 for every spread, right? 8 A Yes, that is correct. 9 Q All right. So do you know if these 10 numbers are correct, Mr. Ruth's spreadsheet? 11 A I don't know. 12 Q So what did you do when you received 13 this information? 14 A This was -- you know, I don't know. I 15 don't remember specifically what I did, but I think 16 this may have led to mine and Jeremy's conversation 17 with Tim that I had referenced before. 18 Q Got it. So do you know how Mr. Ruth 19 worked this out? 20 A I do not. 21 Q Did you ever ask him? 22 A No, not that I recall. 23 Q So this doesn't seem tremendously 24 hard to do. Did you have one of these yourself?</p>

<p style="text-align: right;">Page 129</p> <p>1 Did you sort of track the performance of 2 recommendations? 3 A I didn't have one of these, no. 4 Q So why not? It seems like you ought 5 to be able to do it. 6 A I don't know. It was just never something 7 I looked into. 8 Q Well, let me push back on that 9 a little and ask, you know, why not? It seems 10 like you're giving clients these recommendations. 11 You speak with them on the phone, sometimes for 12 hours. Didn't you want to know how the 13 recommendations were turning out? 14 A Yes. But I typically -- you know, 15 if we offset a position, I would check my statement. 16 But in terms of compiling the data month over month, 17 I guess I just never really did that. 18 Q Did you have the ability to do that? 19 A Yeah, I had the ability to do that. 20 EXAMINATION 21 BY MR. PATRICK: 22 Q Did you ever talk to customers during 23 one of the trades that was put on -- and this would 24 have been, say, before the option was offset or that</p>	<p style="text-align: right;">Page 131</p> <p>1 do it like on my platform just over the phone. 2 Q So you would have that conversation 3 with a customer over the phone -- 4 A Yes. 5 Q -- typically? 6 A Correct. 7 Q And would you give them the value 8 of that particular position then over the phone? 9 A Not that I remember, the value of 10 the actual position over the phone. But the way 11 that I would explain the position is if they sold 12 this credit spread, this is where the market is at, 13 so that's where we want it to be or this is where 14 the market's at, that's where we don't want it to 15 be and we want it to go up from there. So that's 16 typically how I would update a position. 17 Q So it wasn't an actual value for the 18 position. It was just a recap of the current market 19 conditions, is that what you're saying? 20 A Yes, so just like an update on like 21 where the like market is at like at that moment. 22 So an update on that. 23 24</p>
<p style="text-align: right;">Page 130</p> <p>1 it expired -- and have to explain to them or, you 2 know, they might have asked you what the current 3 value of that option position was? Did you ever 4 get those kind of calls? 5 A I mean, I don't recall. Like we 6 typically didn't get those types of calls. A lot 7 of clients didn't really call in, you know. They 8 would just wait for us to call them. 9 Q Do you recall any conversations with a 10 customer where they asked, hey, how is whatever 11 particular recommendation that you might have 12 working in that customer's account, how that 13 particular trade's performing or what it's worth 14 right now? 15 A So from like what I remember, like 16 we would have people asking like where -- how like 17 a position is doing. And I would on my quote board 18 and my chart, I would discuss with them like the 19 price of the future versus like where the spread's 20 at and give them the update that way. 21 Q So you would send them a chart to tell 22 them what the value of the option position was? 23 A I wouldn't send them a chart. I would 24 look up like my chart and like my pricing and just</p>	<p style="text-align: right;">Page 132</p> <p>1 (Whereupon CFTC Exhibit No. 94 was 2 marked for identification, MM.) 3 FURTHER EXAMINATION 4 BY MR. BURDEN: 5 Q Mr. Leeney, I want to hand you what 6 I've marked as CFTC Exhibit 94, and this is a -- 7 yeah, this is a group email consisting -- a group 8 exhibit consisting of two emails. Do you recognize 9 Exhibit 94, Mr. Leeney? 10 A Yeah. So this is another results 11 spreadsheet that Jeremy Ruth had sent over. 12 Q All right. And it says it's from 13 Mr. Ruth to you dated June of 2017 and it says, 14 "For your info only," right? 15 A Well, he had Pierre Halteh and Vince 16 Prieto on there too. 17 Q Yeah, yeah, yeah. That's right. 18 A Yes. 19 Q So if you look at the next email in 20 Exhibit 94, he provides some updated results and he 21 says, "Updated. Don't share." Do you see that? 22 A Yes. 23 Q So do you have any knowledge or 24 understanding of why Mr. Ruth sent this to you</p>

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1 and the other brokers and said for your info only  
 2 or don't share?  
 3 A I don't remember. You know, maybe  
 4 it was --  
 5 MR. SINCLAIR: Well, if you want to  
 6 speculate, that's up to you. But if you  
 7 remember, you should tell him what you remember.  
 8 A Okay. I don't remember why this was  
 9 updated or said not to share. I would imagine it  
 10 was to -- for Tim not to see it.  
 11 BY MR. BURDEN:  
 12 Q But why, if you know, and if Mr. Ruth  
 13 ever expressed that to you?  
 14 A Well, at the time Tim and Jeremy,  
 15 they developed kind of a hostile relationship and  
 16 weren't talking to each other too much. So it may  
 17 have been something around that.  
 18 Q So with respect to the results that  
 19 Mr. Ruth appended to this June 9, 2017 email, the  
 20 one at 12:19:57 p.m., this shows losses of \$28.90  
 21 per recommendation that month, is that fair to say?  
 22 A Yes.  
 23 Q So looking at Exhibit 94 and Exhibit 93,  
 24 these results that Mr. Ruth generated, did you share

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1 any of these results with any of your customers  
 2 or clients?  
 3 A Not that I recall.  
 4 Q So why not?  
 5 A I don't remember why.  
 6 Q Well, I mean --  
 7 A Like the actual -- the spreadsheet are  
 8 you referring to?  
 9 Q Yeah. Did you share the spreadsheet with  
 10 any of your customers that we see in Exhibits 93 or  
 11 94?  
 12 A No, I did not share the spreadsheet.  
 13 Q Did you share the results with your  
 14 customers, the losses that Mr. Ruth details in these  
 15 spreadsheets?  
 16 A If I was working with those customers,  
 17 I would imagine I would have like when I was talking  
 18 with them, but I'm not sure.  
 19 Q Do you recall the names of any customers  
 20 that you shared these loss results with?  
 21 A No, I don't recall.  
 22 (Whereupon CFTC Exhibit No. 95 was  
 23 marked for identification, MM.)  
 24 Q All right. Mr. Leeney, I want to hand

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1 you what I've marked as CFTC Exhibit 95. Do you  
 2 recognize this document, Mr. Leeney?  
 3 A This was from Jeremy Ruth to me and  
 4 details the percentages of recommendations making  
 5 or losing money.  
 6 Q All right. And it looks like for  
 7 January Mr. Leeney identifies 50 percent of the  
 8 trades as winners and 50 percent as losers but  
 9 doesn't say how much by, right?  
 10 A Correct.  
 11 Q All right. Same for February, right?  
 12 A Yes.  
 13 Q Same for March, is that right?  
 14 A Yes.  
 15 Q Same for April, is that right?  
 16 A Yes.  
 17 Q May it looks like 75 percent were  
 18 winners but doesn't say how much by, is that right?  
 19 A Yes.  
 20 Q And then 25 for June and 50 for July,  
 21 is that right?  
 22 A That is right.  
 23 Q And it looks like August it says 50, but  
 24 then there's a grand total that says 50 percent?

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1 A Yes.  
 2 Q So did you and Mr. Leeney talk about this  
 3 document?  
 4 MR. SINCLAIR: Mr. Who?  
 5 BY MR. BURDEN:  
 6 Q I'm sorry. You're Mr. Leeney. Thank you.  
 7 Did you and Mr. Ruth talk about this document?  
 8 A I don't recall specifically talking  
 9 about this document, but I believe Mr. Ruth was  
 10 going back to see how often Tim's recommendations  
 11 were performing.  
 12 Q All right. So does this -- and, you  
 13 know, do you have any knowledge or understanding of  
 14 whether this analysis relates to the representation  
 15 in the Time Means Money sales material that  
 16 76.5 percent of options expire worthless?  
 17 A Yes, I believe that these percentages were  
 18 showing that it was against that representation.  
 19 Q All right. So why do you think that?  
 20 I mean, that was the first thing that occurred to  
 21 me, but why do you think that?  
 22 A Because a lot of months were 50/50,  
 23 and then one month was one out of four and only one  
 24 month was three out of four.



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1 Q All right. So -- and I know  
 2 I just asked you this, but did you ever talk about  
 3 this with Mr. Ruth and did you ever talk about that  
 4 76.5 percent statistic we'll be talking about later  
 5 in the sales materials?  
 6 A I don't recall specifically.  
 7 But when me and Mr. Ruth met with Tim in that  
 8 like late spring-summer meeting, it may have been  
 9 brought up then. And then since that point Mr. Ruth  
 10 was obviously analyzing the performance of the  
 11 program more and more and looking at the percentages  
 12 of like winners versus losers.  
 13 Q All right. So I want to go to this  
 14 early 2017 meeting that you and Mr. Ruth had with  
 15 Mr. Evans. It was early 2017 you said, right?  
 16 A Oh, not early. I apologize. It was  
 17 like the late spring, early summer. So somewhere  
 18 around like April-May, something like that.  
 19 Q Got it. So this April-May 2017  
 20 meeting that you and Mr. Ruth had with Mr. Evans,  
 21 is this something that was discussed at the meeting,  
 22 Mr. Evans' analysis of how many trades win? Is it  
 23 one out of four, three out of four?  
 24 A I don't think that was specifically

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1 discussed there. The meeting was more so that,  
 2 you know, clients were unhappy with results and  
 3 essentially letting Tim know that, you know, we  
 4 think that, you know, things should change and  
 5 we should reevaluate the way that we're doing  
 6 recommendations and the way that we're going  
 7 about doing business.  
 8 Q Got it. Did you perform any analysis  
 9 of the Long Leaf Trading recommendations along the  
 10 lines that Mr. Ruth did?  
 11 A I don't believe so. Jeremy typically  
 12 would and then, as you've seen, would send over like  
 13 a results page or something like that.  
 14 Q Did you do anything to check to see if  
 15 Mr. Ruth was right or wrong about this assessment?  
 16 A I don't believe so.  
 17 Q Why not?  
 18 A I am not sure. Just took his word for  
 19 what he found.  
 20 Q So you believed Mr. Ruth. You thought  
 21 this was probably right?  
 22 A Yes. I didn't have any reason to think  
 23 that he would lie sending me this.  
 24 MR. PATRICK: Do you know how Mr. Ruth

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1 put this table together?  
 2 THE WITNESS: I do not.  
 3 MR. PATRICK: If you were to put  
 4 a table together like this for the time that  
 5 you were at Long Leaf, do you know how you  
 6 would have done it?  
 7 THE WITNESS: With Microsoft Excel.  
 8 MR. PATRICK: But where would you have  
 9 looked to find the information to put into the  
 10 Microsoft Excel spreadsheet?  
 11 THE WITNESS: Oh, on the statements.  
 12 MR. PATRICK: So you would have used  
 13 the statements that you were receiving from  
 14 the carrying broker?  
 15 THE WITNESS: Correct, yes.  
 16 BY MR. BURDEN:  
 17 Q So I want to switch topics for  
 18 a little bit to customer complaints, which is  
 19 something I think you've alluded to earlier in your  
 20 testimony. When did you start receiving complaints  
 21 from customers about the performance of their  
 22 trading accounts?  
 23 MR. SINCLAIR: Could you please qualify  
 24 that, as to whether it's his customers or other

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1 customers?  
 2 BY MR. BURDEN:  
 3 Q Yeah, sure. I'll tell you what.  
 4 Let's start with that. When did you start receiving  
 5 complaints from customers about I'll say performance  
 6 in any trading accounts, whether it's yours or ones  
 7 you inherited?  
 8 A From what I recall, the client  
 9 complaints, started to hear more and more in the  
 10 year 2017. Previous to then, you know, you may  
 11 have a client complain about poor performance here  
 12 and there, but they weren't -- from what I know,  
 13 they weren't very prevalent in that period. It was  
 14 more so the 2017 period on that we were hearing more  
 15 and more about that.  
 16 Q Got it. So why do you think that was,  
 17 if you know? I mean, it seems like your testimony  
 18 is that you were servicing, you know, some Time  
 19 Means Money accounts from mid 2015, is that right?  
 20 A Yes, correct.  
 21 Q You know, through early 2017 when you  
 22 started seeing a lot more complaints. Why do those  
 23 complaints kind of surface in 2017, if you know?  
 24 A So in 2017 the performance I think



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1 just suffered, you know, multiple bad months of  
2 recommendations in a row, and especially looking  
3 at that statement reminded me I think July 2017  
4 was especially bad. So typically we wouldn't have  
5 a complaint if, you know, we had a down month. It  
6 was more so if we had a few bad months in a row is  
7 when people would be upset.

8 (Whereupon CFTC Exhibit No. 96 was  
9 marked for identification, MM.)

10 Q Got it. Well, let me hand you what  
11 I've marked as CFTC Exhibit 96. Do you recognize  
12 this document?

13 A Yes. This is an email to a client,  
14 Avjyot Boparai.

15 Q And is Ms. Boparai a customer of yours?

16 A I believe so, yes.

17 Q All right. So it looks like on  
18 September 20th of 2016 Ms. Boparai wrote to  
19 Mr. Evans sort of complaining. And she writes  
20 here in the middle, "You literally had told me that  
21 you could easily get me 20 percent and go as high as  
22 40 percent on a return and just come on board with  
23 your guys. So after scrambling the money together  
24 from my 401(k) and my parents, I decided to. From

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1 where I am sitting now, I wish I had 2 to 4 percent  
2 return I would be happy, let alone a 20 percent  
3 return. It's more like negative 100 percent  
4 now, since all the money has been lost."

5 So it looks like Mr. Evans is  
6 forwarding this to you without comment, is that  
7 right?

8 A Yes.

9 Q All right. So what did you do about  
10 this customer?

11 A I believe I forwarded this customer to Tim.

12 Q Well, he's forwarding it to you, see?

13 A Yes, I think he was letting me know  
14 of the complaint. But from my recollection, Tim  
15 I believe would primarily speak with this client.

16 Q Got it. So did you speak to this client?

17 A I did.

18 Q What did you say?

19 A I don't recall exactly what I said to  
20 the client.

21 Q So was this client correct that she  
22 had lost substantially 100 percent of her money in  
23 the Long Leaf Trading account?

24 A I don't remember, but I would imagine so.

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1 Q All right. So it says here, "You  
2 literally had told me that you could easily get  
3 me 20 percent and go as high as 40 percent on a  
4 return and just come on board with your guys."  
5 Is that something that you told Ms. Boparai?

6 A No, that was to Tim.

7 Q No, I know. But Ms. Boparai is writing  
8 about something that she believes Long Leaf told  
9 her. Did you say that to Ms. Boparai, that she  
10 could get returns of 20 to 40 percent?

11 A Not that I recall.

12 (Whereupon CFTC Exhibit No. 97 was  
13 marked for identification, MM.)

14 Q All right. So I want to hand you  
15 another exhibit, if I could, please, along similar  
16 lines. I've marked it as Exhibit 97. Do you  
17 recognize this document?

18 A Yes. This is from a client, Thomas J.  
19 Bates.

20 Q And is that a client of yours?

21 A Yes, he was.

22 Q And Mr. Bates is writing to you and  
23 saying, "Still not very happy with performance.  
24 I'm down over \$12,000. How much have you (your

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1 firm) earned in commissions?" What did you do with  
2 this complaint from Mr. Bates?

3 A I believe I gave the complaint to  
4 Tim Evans.

5 Q And did you speak with Mr. Bates after  
6 he made this complaint in November of 2016?

7 A I don't recall. But Mr. Bates was  
8 a letter of direction client from the original  
9 letter of direction service.

10 Q So was Mr. Bates trading the Time Means  
11 Money program?

12 A I think Tim was doing the Time  
13 Means Money trades for him, but he had a letter  
14 of direction or a letter of direction client. So  
15 I didn't talk to him too often.

16 (Whereupon CFTC Exhibit No. 98 was  
17 marked for identification, MM.)

18 Q Got it. All right. I want to hand  
19 you what I've marked as CFTC Exhibit 98. Do you  
20 recognize this document?

21 A This is an email to a client, Yvette Huang.

22 Q So I want to direct your attention  
23 to the first email in the chain in Exhibit 98, and  
24 it's an email from Ms. Huang to you on March 16th

<p style="text-align: right;">Page 145</p> <p>1 of 2017. So who's Yvette Huang?</p> <p>2 A She was a client of mine. Particularly</p> <p>3 who, I don't really recall.</p> <p>4 Q Got it. So she's writing here,</p> <p>5 "Hi, James. I don't have any position in my account</p> <p>6 and my cash balance is down to less than one-third</p> <p>7 of my initial investment. Any update and strategy?"</p> <p>8 So is Ms. Huang right there? Was</p> <p>9 her account down by more than -- to less than a</p> <p>10 third of what it had started at?</p> <p>11 A I would imagine so.</p> <p>12 Q All right. Was that pretty typical of</p> <p>13 Long Leaf customers at that point?</p> <p>14 A March 2017, yeah.</p> <p>15 (Whereupon CFTC Exhibit No. 99 was</p> <p>16 marked for identification, MM.)</p> <p>17 Q I want to hand you another similar</p> <p>18 email that I have marked as CFTC Exhibit 99.</p> <p>19 The highlighting is in the original copy. Do you</p> <p>20 recognize this document?</p> <p>21 A I do.</p> <p>22 Q Can you tell me what it is, please.</p> <p>23 A This was an email from a client of mine,</p> <p>24 Andre Williams.</p>	<p style="text-align: right;">Page 147</p> <p>1 Q All right. So did you listen in on</p> <p>2 any of Mr. Evans' calls with disappointed customers?</p> <p>3 A I didn't. He was kind of like in a --</p> <p>4 like a different like part of the office. So it</p> <p>5 was tough to hear from over there because it was so</p> <p>6 crowded and like noisy in general.</p> <p>7 Q All right. So was there a policy about</p> <p>8 what to do with these complaints?</p> <p>9 A So the policy for complaints was</p> <p>10 always to allow Tim to speak with them, you know.</p> <p>11 If someone was upset over trade recommendation</p> <p>12 results, they would typically ask to speak with</p> <p>13 Tim since the clients understood that he designed</p> <p>14 the recommendations.</p> <p>15 Q I mean, were they logged anywhere for</p> <p>16 NFA purposes? Was there any compliance procedure</p> <p>17 around complaints?</p> <p>18 A I don't know.</p> <p>19 Q Did you do anything with them? Did</p> <p>20 you have like a special folder you were supposed</p> <p>21 to put them in or anything like that?</p> <p>22 A No. He just had us give the client</p> <p>23 complaint to him -- or the client that complained</p> <p>24 to him.</p>
<p style="text-align: right;">Page 146</p> <p>1 Q And what's the date on it?</p> <p>2 A This is September 1, 2017.</p> <p>3 Q All right. So Mr. Williams writes there,</p> <p>4 "All I have left is \$5,157.73. I mean, this is</p> <p>5 amazing. I congratulate your company on being the</p> <p>6 worst traders I have ever encountered in my life.</p> <p>7 I did better with options in my account than your</p> <p>8 company did. I truly regret signing up with your</p> <p>9 company. I hope you all fire the master trader.</p> <p>10 It's obvious he does not have a clue. Have a</p> <p>11 great weekend."</p> <p>12 So did you speak with Mr. Williams</p> <p>13 about this communication?</p> <p>14 A I don't recall if I did over the phone</p> <p>15 or by email after that or not.</p> <p>16 Q So what did you do with this complaint?</p> <p>17 A In this period, especially in August</p> <p>18 of 2017, right before this is when I had to call</p> <p>19 all the clients to give the recommendations, and</p> <p>20 people that were upset I was to send to Tim for</p> <p>21 him to speak with them.</p> <p>22 Q Got it. And did you send Mr. Williams</p> <p>23 to Tim?</p> <p>24 A I do not recall if I did or not.</p>	<p style="text-align: right;">Page 148</p> <p>1 Q So would you always forward the complaint</p> <p>2 or would you sometimes just call Mr. Evans and say,</p> <p>3 hey, you know, this customer is --</p> <p>4 A Sometimes it was verbal. Sometimes,</p> <p>5 you know, I would forward it.</p> <p>6 Q So I think you testified that at</p> <p>7 some point you had to call a bunch of customers?</p> <p>8 A Um-hmm.</p> <p>9 Q And that was in 2017?</p> <p>10 A Yeah, that was August of 2017.</p> <p>11 Q So what happened there? It seems like</p> <p>12 you were sort of emailing with people and something</p> <p>13 changed?</p> <p>14 A No. So I had some clients that</p> <p>15 would do the recommendations over email. I also</p> <p>16 had some that did it by phone as well. But in --</p> <p>17 somewhere around mid August 2017 is when Tim had</p> <p>18 fired Jeremy Ruth, and Jeremy had a very large</p> <p>19 amount of clients. And Tim had let me know that,</p> <p>20 you know, it's my job now to give the</p> <p>21 recommendations to both mine and his clients.</p> <p>22 Q And Mr. Ruth's clients, he had not been</p> <p>23 emailing. He had been calling them. So you had to</p> <p>24 call them, right?</p>

<p style="text-align: right;">Page 149</p> <p>1 A Yes, correct.</p> <p>2 Q Got it. So it seems like dealing</p> <p>3 with irate customers became sort of a fixture</p> <p>4 of your day-to-day existence sort of at least</p> <p>5 from 2017 onward, is that fair to say?</p> <p>6 A I wouldn't necessarily say day to day</p> <p>7 but pretty regularly, yes.</p> <p>8 Q So was there -- I mean, were you</p> <p>9 always able to just send them to Mr. Evans? Like</p> <p>10 did you ever have to deal with them?</p> <p>11 A No, sometimes I would speak with</p> <p>12 them. But if they indicated that they wanted to</p> <p>13 speak with, you know, Tim or a principal or someone</p> <p>14 like that, that's when I would give it to Tim.</p> <p>15 Q Well, was there sort of a playbook</p> <p>16 for what you have to say to calm them down? I mean,</p> <p>17 I wouldn't know what to say if somebody called me</p> <p>18 up mad about trades. Like did Mr. Evans give you</p> <p>19 any instruction on how to deal with them?</p> <p>20 A Yeah. You know, the instruction that</p> <p>21 he would give us would be to focus on, you know,</p> <p>22 the aspect that it was kind of a small data sample</p> <p>23 of positions in a given month.</p> <p>24 Q Did Mr. Evans tell you anything else</p>	<p style="text-align: right;">Page 151</p> <p>1 and it's a March 16, 2017 email from Yvette Huang</p> <p>2 to you complaining about her cash balance being down</p> <p>3 to less than one-third of her initial investment and</p> <p>4 you write her back a pretty long email here in</p> <p>5 Exhibit 98. Is this an example of sort of the type</p> <p>6 of thing that Mr. Evans --</p> <p>7 A Yeah, he would --</p> <p>8 Q -- directed you to say?</p> <p>9 MR. SINCLAIR: Go ahead now.</p> <p>10 THE WITNESS: I'm sorry?</p> <p>11 MR. SINCLAIR: I said you've got to</p> <p>12 wait until he finishes his question. That's</p> <p>13 all.</p> <p>14 A Yeah. This is an example of talking</p> <p>15 points that, you know, he would have us say to</p> <p>16 clients that might be wavering or, you know, looking</p> <p>17 to not take recommendations.</p> <p>18 BY MR. BURDEN:</p> <p>19 Q Got it. So I think you characterized one</p> <p>20 of Mr. Evans' prescriptions as re-exciting customers</p> <p>21 about the market. Are you doing that here?</p> <p>22 A I believe so.</p> <p>23 Q Yeah. So where do we see that, please.</p> <p>24 A Oh, no, I guess there isn't re-exciting.</p>
<p style="text-align: right;">Page 150</p> <p>1 about how to deal with disappointed or frustrated</p> <p>2 customers?</p> <p>3 A You know, he always would -- he'd</p> <p>4 always tell us to, you know, utilize, you know,</p> <p>5 current market conditions or like market conditions</p> <p>6 going forward to re-excite people.</p> <p>7 Q What do you mean by that? Give me</p> <p>8 an example, if you would, please. How would you</p> <p>9 use current market conditions to re-excite people?</p> <p>10 A So, for example, we anticipate an</p> <p>11 interest rate decrease in the next month. This</p> <p>12 is how we think we're going to -- it's going to</p> <p>13 affect the markets and we feel that will give us</p> <p>14 good opportunity.</p> <p>15 Q Yeah. So I want to look back at</p> <p>16 Exhibit 94, if I could, please. Is this an example</p> <p>17 of -- oh, that's my copy. You guys can have this</p> <p>18 one. You can keep that one. That's fine. Wait.</p> <p>19 Is this Exhibit 94? No, hang on. I'm sorry, 98.</p> <p>20 Can you guys look at Exhibit 98 for me, please.</p> <p>21 There we go.</p> <p>22 MR. SINCLAIR: This one?</p> <p>23 MR. BURDEN: Yes, thank you.</p> <p>24 Q So Exhibit 98 we looked at before,</p>	<p style="text-align: right;">Page 152</p> <p>1 Q Well, if you look at Exhibit 98,</p> <p>2 you know, you talk about Long Leaf Trading being</p> <p>3 caught off guard by bad trades, right?</p> <p>4 A Yes, correct.</p> <p>5 Q Yeah. And so then you go on to say</p> <p>6 in the third paragraph, "We have moved exposure</p> <p>7 away from financials/stocks completely into other</p> <p>8 fundamentally strong markets this time of year."</p> <p>9 So is that an example of sort of re-exciting</p> <p>10 a disappointed customer?</p> <p>11 A Yes.</p> <p>12 Q All right. And so then you go</p> <p>13 on to say, "We recently took a maximum profit</p> <p>14 on our Euro position two weeks ago as well as a</p> <p>15 profit on our coffee position one week ago. These</p> <p>16 'outside' markets, like foreign currency, metals,</p> <p>17 energies, et cetera, have been where we are seeing</p> <p>18 the best results. Going forward, this is where we</p> <p>19 will want to concentrate our portfolio on." I think</p> <p>20 there's a little typo in there. So you wrote that,</p> <p>21 right?</p> <p>22 A Correct, yes.</p> <p>23 Q All right. So that sounds like -- was</p> <p>24 that designed to get Ms. Huang sort of re-excited</p>

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1 about the market, as you put it?  
 2 A Yes.  
 3 Q All right. So talking about a maximum  
 4 profit on this Euro position and a profit on the  
 5 coffee position, do you recall if there were other  
 6 positions that were pending during that same period?  
 7 A No, I do not recall.  
 8 MR. BURDEN: All right. Well, I think  
 9 now is as good a time as any to break for lunch.  
 10 Any objection?  
 11 MR. SINCLAIR: No.  
 12 (Whereupon a lunch recess was taken  
 13 from 1:10 p.m., to 2:15 p.m., after  
 14 which the following proceedings were  
 15 had:)  
 16 A F T E R N O O N S E S S I O N  
 17 J A M E S L E E N E Y,  
 18 called as a witness herein, having been previously  
 19 sworn and examined, testified further as follows:  
 20 FURTHER EXAMINATION (Cont'd.)  
 21 BY MR. BURDEN:  
 22 Q Mr. Leeney, were you aware that  
 23 while you were at Long Leaf Trading your calls  
 24 were taped?

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1 A Yes, I was.  
 2 Q And who made you aware of that?  
 3 A Tim Evans made us aware of it.  
 4 Q Did he explain why he was doing that?  
 5 A From what I understood, he said he was  
 6 doing this to monitor and just as a way to supervise  
 7 our activity.  
 8 Q Got it. And that's what he told you?  
 9 A Yes.  
 10 Q Did he ever tell you or intimate  
 11 or suggest that it was required by law or it was  
 12 for compliance purposes or anything like that?  
 13 A He never said that it was required by  
 14 law. He did do it, however -- or he had mentioned  
 15 he did it for compliance purposes.  
 16 Q Did he say what that meant?  
 17 A No, not that I recall.  
 18 Q Do you know if Mr. Evans ever reviewed  
 19 any of your calls that you made?  
 20 A I know he did pretty regularly.  
 21 Q Why do you think that?  
 22 A Just as supervision over my calls.  
 23 Q But did he ever like talk to you about any  
 24 of the calls or anything like that?

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1 A Usually the calls that he would talk to  
 2 me about would be sales solicitation calls.  
 3 Q All right. Well, would he meet with  
 4 you regularly? Would he tell you if something  
 5 went wrong? If you guys were talking about your  
 6 calls, you know, what did you talk about?  
 7 A I remember a specific time where I was  
 8 calling through some prospects that I had that  
 9 I had been working for a while and set up, you know,  
 10 an appointment with them to kind of catch back up,  
 11 talk about the markets. And Tim had called me into  
 12 his office and he was listening to those calls as I  
 13 was making them, and he was telling me that I should  
 14 be trying to talk to those people about what I want  
 15 to talk about like right then and there. So that  
 16 was an example -- or that was a specific time that  
 17 I recall. Otherwise it was feedback, do this, you  
 18 know, don't do that, this is how you fix this.  
 19 Q What kind of things did Mr. Evans tell  
 20 you about what to do or what not to do?  
 21 A I don't remember.  
 22 Q Well, I'll tell you what. Let's play you  
 23 some calls.  
 24 A Okay.

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1 Q So I am going to play a call that I'm  
 2 going to mark as CFTC Exhibit 100, and it was a file  
 3 produced to us by Long Leaf Trading and the name of  
 4 the file is 09-08-2017\_KENNETHPALMEN\_7194940999  
 5 and the date on that call is September 8th of 2017.  
 6 (Whereupon CFTC Exhibit No. 100 was  
 7 marked for identification, MM.)  
 8 Q Do you know who Mr. Kenneth Palmen is?  
 9 A He rings a bell. I believe he was  
 10 a client of Jeremy Ruth's that I had to call with  
 11 recommendations after Jeremy had left.  
 12 Q Got it, okay.  
 13 MR. BURDEN: So I'm going to start  
 14 at 3 minutes and 25 seconds into this call and  
 15 we'll see how we do with it. This is supposed  
 16 to be coming out of these speakers. Hang on.  
 17 (Discussion off the record.)  
 18 MR. BURDEN: So Exhibit 100, I'm going to  
 19 start Exhibit 100 at 3 minutes and 30 seconds.  
 20 (Whereupon the audio was played.)  
 21 MR. BURDEN: So I want to stop there.  
 22 Q So, Mr. Leeney, is that you on the call?  
 23 A Yes, it is.  
 24 Q So I want to ask you about this



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1 part where you talk about how Long Leaf Trading  
 2 is looking to accomplish monthly income generation.  
 3 So is that something you said to customers on the  
 4 phone?  
 5 A Yes.  
 6 Q Did Long Leaf Trading achieve monthly  
 7 income generation for customers?  
 8 A No, they did not.  
 9 MR. BURDEN: So I'm going to keep going  
 10 sort of in a similar vein, and I'm going to  
 11 restart it at 6 minutes and 9 seconds.  
 12 (Whereupon the audio was played.)  
 13 MR. BURDEN: All right. So I'm going  
 14 to stop it there.  
 15 Q So, Mr. Leeney, it seems like you're  
 16 telling this customer, Kevin Palmen, that Long Leaf  
 17 Trading has found that short options are a good way  
 18 of generating income, is that right?  
 19 A Yeah, I'd like to make a correction here.  
 20 Q Sure.  
 21 A I got this guy mixed up. He was  
 22 a prospective client, not a current client. But,  
 23 yeah, so this was a sales solicitation. I just want  
 24 to make sure that was cleared up.

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1 Q Got it, thanks. So you're telling  
 2 Mr. Palmen that Long Leaf Trading has found that  
 3 short options is a good way of generating income.  
 4 Is that a fair summary of your statement to him  
 5 just there?  
 6 A Yes, that's fair.  
 7 Q All right. So is that true?  
 8 A That options are a good way of generating  
 9 income?  
 10 Q That Long Leaf Trading has found that  
 11 short options is a good way of generating income.  
 12 A No, that is not true.  
 13 Q So if you'll forgive me for asking,  
 14 why did you say these things to Mr. Palmen about  
 15 Long Leaf Trading?  
 16 A That was the sales materials that we were  
 17 given to give that presentation.  
 18 MR. BURDEN: So I want to restart  
 19 this again, if I could, please, Exhibit 100,  
 20 at 23 minutes and 15 seconds.  
 21 (Whereupon the audio was played.)  
 22 MR. BURDEN: So I want to stop that  
 23 Exhibit 100 there again.  
 24 Q It sounds like you're telling this

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1 prospective customer in September of 2017 that  
 2 Long Leaf Trading wins 76.5 percent of the time.  
 3 Is that a fair summary of your statement?  
 4 A Yes.  
 5 Q But that's not true, is it?  
 6 A No, it's not true.  
 7 Q And you knew that wasn't true?  
 8 A Yes.  
 9 Q So why did you say it?  
 10 A That was in our sales script that we were  
 11 required to use for our appointments.  
 12 MR. BURDEN: All right. I'm going  
 13 to restart this at 1 -- sorry. I'm going  
 14 to restart Exhibit 100 here at 35 minutes  
 15 and 13 seconds.  
 16 (Whereupon the audio was played.)  
 17 Q So you're talking here, you say  
 18 that Long Leaf Trading can still generate a good  
 19 return. For whom did Long Leaf Trading generate  
 20 a good return?  
 21 A No one that I can recall.  
 22 Q So why did you say that then, please.  
 23 A That was in our script in our sales  
 24 materials. That's what we had to do the calls with.

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1 MR. BURDEN: And I want to return  
 2 to Exhibit 100, if I could, and I'm going  
 3 to restart it at 56 minutes and 45 seconds.  
 4 (Whereupon the audio was played.)  
 5 MR. BURDEN: So I want to stop that  
 6 there and focus on a couple of comments here.  
 7 Q So you're telling Mr. Palmen that  
 8 customers can receive, you know, \$6,000 or 6 percent  
 9 over the course of the year. That's what you're  
 10 telling him here, right?  
 11 A Yes. It's supposed to be like a trading  
 12 plan, to achieve that.  
 13 Q Got it. Were there any customers  
 14 at Long Leaf Trading who enjoyed 6 percent returns  
 15 over the course of the year?  
 16 A Not that I can recall.  
 17 Q All right. And you tell Mr. Palmen  
 18 here that it is very easy to scale and duplicate  
 19 the process for a 12 percent return, right?  
 20 A Yes, that is correct.  
 21 Q All right. Were there any customers  
 22 who got a 12 percent return over the course of  
 23 the year?  
 24 A Not that I recall.



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1 Q So I want to focus in on these things  
 2 you're saying about returns over the course of the  
 3 year. Why a year? Where did you get that from?  
 4 A That was just the sales material and  
 5 what our script entailed. So when Tim had designed  
 6 it, that's what he designed it around.  
 7 Q Got it.  
 8 MR. BURDEN: So Exhibit 100, I want to  
 9 return to at 1 hour, 4 minutes and 37 seconds.  
 10 (Whereupon the audio was played.)  
 11 MR. BURDEN: All right. So I'm going  
 12 to stop it there.  
 13 Q So, Mr. Leeney, you're talking  
 14 to Mr. Palmen here, who sounds old. Is he old?  
 15 A He sounds older.  
 16 Q Yeah. You're telling him that  
 17 the program is unmatched and it's successful  
 18 because of the structure of it. What's your basis  
 19 for saying that the program is unmatched or  
 20 successful?  
 21 A That was in our script for that  
 22 appointment, so that's why I used it with that  
 23 question, the structure actually referring to the  
 24 predefined risk, knowing the quantities every month

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1 and just knowing what to expect.  
 2 Q So what is your basis for saying  
 3 to Mr. Palmen that the program was successful  
 4 because of the structure?  
 5 A I don't have a specific basis for it,  
 6 you know. That was just in that script that we have  
 7 for that part of the call.  
 8 Q So it sounds like the program was really  
 9 not successful, is that fair to say?  
 10 A Yeah, that's fair to say.  
 11 Q And you knew that, right?  
 12 A Yes.  
 13 Q So why did you tell this guy that?  
 14 A That was in our sales material.  
 15 Q All right. And you're talking here  
 16 in this last piece we listened to in Exhibit 100  
 17 about -- and you're speaking in the first person.  
 18 You say something to the effect of I will, you know,  
 19 identify assets or give them to you. So were you  
 20 doing that?  
 21 A No.  
 22 Q So that's Mr. Evans and you're passing  
 23 it along, right?  
 24 A Correct.

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1 MR. BURDEN: I want to restart this  
 2 Exhibit 100 at 1 hour, 19 minutes and  
 3 40 seconds.  
 4 (Whereupon the audio was played.)  
 5 MR. BURDEN: So I want to stop that  
 6 there.  
 7 Q So in Exhibit 100 you're telling  
 8 Mr. Palmen that you're confident in your ability  
 9 to meet or exceed his expectations. Is that about  
 10 what you're saying?  
 11 A Yes, that is correct.  
 12 Q So what's the basis for that confidence?  
 13 A The basis for that confidence was that  
 14 was our sense-of-urgency script that we utilized  
 15 with the program.  
 16 Q So you didn't think you could get good  
 17 results for Mr. Palmen, correct?  
 18 A No. I mean, I had -- I did have  
 19 hope when I would bring on a client or a new client  
 20 coming in. So, you know, I may have had some  
 21 confidence that we could get good results.  
 22 Q Were you seeing goods results at  
 23 that point in September of 2017? I guess I'm  
 24 sort of challenging your expression of confidence.

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1 And confidence is sort of a subjective thing --  
 2 A Yeah.  
 3 Q -- but it doesn't seem like you  
 4 would have much reason at this point to think  
 5 that Long Leaf could generate returns for clients,  
 6 is that right?  
 7 A Yeah, that's right.  
 8 MR. BURDEN: All right. These take  
 9 forever to load. Give me just a moment, but  
 10 I promise I'll only torment you with one more  
 11 call.  
 12 (Whereupon CFTC Exhibit No. 101  
 13 was marked for identification, MM.)  
 14 Q All right. Mr. Leeney, I want to  
 15 show you what I've marked as CFTC Exhibit 101,  
 16 and this is a file of a call that was produced  
 17 to us by Long Leaf Trading. The name of the file  
 18 is 07-06-2017\_AINSWORTHOSBOURNE\_3214438291, and the  
 19 date of that call is July 6th of 2017.  
 20 Mr. Leeney, do you know who Ainsworth  
 21 Osbourne is?  
 22 A No, I don't recall.  
 23 MR. BURDEN: So let's see how we do  
 24 this. I'm going to start us at 18 minutes and

<p style="text-align: right;">Page 165</p> <p>1 49 seconds into this call, which is 50 minutes  2 and 30 seconds total.  3 (Whereupon the audio was played.)  4 MR. BURDEN: So I want to stop that  5 there, and we're going to keep going.  6 Q But this 100 percent clean track  7 record with NFA relating to customer accounts,  8 were you aware of any customer complaints with  9 NFA at that point?  10 A No, I was not.  11 Q Did you inquire as to whether any  12 complaints had been filed?  13 A No, I did not.  14 Q Do you know if Long Leaf would  15 necessarily be aware of customer complaints that  16 were filed with NFA?  17 A I think that they would have been.  18 Q Why do you think that?  19 A The NFA I would think would notify  20 Long Leaf.  21 Q But why do you think -- I'm not disagreeing  22 with you, but why do you think that?  23 A I would think that if a customer  24 contacted the National Futures Association,</p>	<p style="text-align: right;">Page 167</p> <p>1 know. Our understanding from Tim was if someone  2 was upset about performance, that necessarily wasn't  3 like a complaint or like an official complaint, you  4 know. It might be someone who's upset about  5 performance and wants to speak to a manager or  6 something like that to resolve it.  7 Q But you were nonetheless aware  8 of many such complaints being made to you during  9 this period?  10 A July 2017, not as much. Certainly August  11 of 2017, but right in that period.  12 Q But in that period you had received  13 complaints from customers, correct?  14 A Yes, that is correct.  15 MR. BURDEN: So let's keep listening.  16 We're going to pick this right back up where  17 we left off in Exhibit 101 at 19 minutes and  18 53 seconds.  19 (Whereupon the audio was played.)  20 MR. BURDEN: You know what, I screwed  21 this up. All right. So we're going to do,  22 if we could, please -- and we may be listening  23 for a couple minutes. Exhibit 101 I'm going  24 to start at 17 minutes and 32 seconds.</p>
<p style="text-align: right;">Page 166</p> <p>1 the first one that they would contact would  2 be the principal of the firm that there was a  3 complaint about it.  4 Q But did somebody tell you that?  5 A Oh, yeah, yeah. I mean, that was  6 Tim Evans when he was taking us through like the  7 regulatory section of it.  8 Q So Mr. Evans told you that Long  9 Leaf would be immediately notified if there was  10 a customer complaint?  11 A He didn't say that like verbatim that  12 you'd be immediately notified, but he said that  13 Long Leaf would be notified.  14 Q Now, this call that we've been listening  15 to is from July 6 of 2017. And at this point it's  16 fair to say that you received quite a few complaints  17 from customers, is that right?  18 A Yes, correct.  19 Q So why would you, you know, tell  20 people that no complaints have been filed with the  21 NFA knowing that you had received so many yourself?  22 A So what I was -- what I was -- my  23 understanding of a complaint, like an official  24 complaint was something filed with the NFA, you</p>	<p style="text-align: right;">Page 168</p> <p>1 (Whereupon the audio was played.)  2 MR. BURDEN: All right. So I want  3 to stop it there.  4 Q So, Mr. Leeney, you're talking  5 to Mr. Ainsworth about the principals of Long Leaf  6 and them providing a strong return to customers.  7 Did Long Leaf in fact provide a strong return to  8 customers?  9 A No, they did not.  10 Q All right. And you knew that, right?  11 A I did, yes.  12 Q So why did you tell this guy that?  13 A That was on our script for that part of  14 the sales process.  15 Q Got it. So the next piece that we heard  16 you talk about with Mr. Ainsworth, that Long Leaf  17 wouldn't be able to work with hundreds of clients  18 and oversee millions of dollars for the past six  19 years if we weren't being profitable. Is that  20 statement true?  21 A No, it is not.  22 Q Why did you say it?  23 A Because it's on our script for that  24 part of the sales material, or the sales process.</p>

<p style="text-align: right;">Page 169</p> <p>1 Q All right. So, you know, let me ask you  2 this, Mr. Leeney. I understand that you're making  3 these representations to customers because they're  4 on the script, right?  5 A Um-hmm.  6 Q Yes?  7 A Yes.  8 Q But you don't have to say what's on  9 the script, do you?  10 A We actually had to stick to that.  11 Otherwise, you know, part of the -- Tim would  12 listen to our calls. And if we went off that  13 or ventured away from it, you know, we were told  14 that we have to stick to it.  15 Q Right. But you could have quit, right?  16 A Oh, yeah. Of course.  17 Q Yeah. You could have refused to make these  18 representations to clients, correct?  19 A Yeah, that's correct.  20 Q I mean, you probably wouldn't have  21 lasted long, right, but you could have refused,  22 right?  23 A Yes, I could have refused.  24 Q So why didn't you?</p>	<p style="text-align: right;">Page 171</p> <p>1 something to that effect?  2 A I brought up concerns about it before,  3 but it was also my understanding that that was --  4 everything was approved. So he always made an  5 emphasis on that.  6 Q Who did Mr. Evans say approved these  7 representations?  8 A The NFA, National Futures Association.  9 Q Did he provide you with any corroboration  10 of that?  11 A No, but he just -- it was pretty  12 clear to me that the sales materials were approved  13 or that was my understanding at the time.  14 Q But it was also clear to you that  15 these representations in the sales materials were  16 false, correct?  17 A Yes, that's correct.  18 Q So did you push back with Mr. Evans?  19 Did you ever say, you know, have a conversation with  20 him or send him an email that I have somehow managed  21 to not find where you say, you know, these are  22 misrepresentations?  23 A I don't recall. I'm not sure.  24 Q Did you ever have any conversations</p>
<p style="text-align: right;">Page 170</p> <p>1 A I eventually did in September 2017.  2 But part of me held out hope that, you know, my  3 recommendations I gave Tim before, that we'd be  4 able to turn things around. I think it started  5 with the recommendations suffering. And when it  6 was very evident that, you know, he was stuck doing  7 business that way, then I left.  8 Q All right. And did you ever --  9 and it sounds like you're sort of getting here.  10 Did you ever object, express any reservations to  11 Mr. Evans about the sales material? Did you ever  12 say, you know, I don't feel right saying this, this  13 isn't true, I don't like the script?  14 A I actually was not a fan of the script  15 and he knew that. I made that -- I brought that  16 to him a number of times. And my sales process, I  17 prefer to be a little bit more question and answer,  18 conversational versus just, you know, saying --  19 putting people in a box and talking for 45 minutes  20 and just, you know, throwing everything at them  21 at once.  22 Q All right. Well, you know what I'm  23 getting at. I mean, did you ever tell Mr. Evans  24 I don't like the script because it is false or</p>	<p style="text-align: right;">Page 172</p> <p>1 with other people at Long Leaf Trading, maybe  2 Mr. Ruth or the other brokers, where you sort  3 of suggested that what you were doing wasn't  4 right or you didn't agree with the script or you  5 felt like there was misrepresentations? Any  6 conversations with other people?  7 A Not that I recall. I don't know.  8 Q Did Mr. Evans ever -- you know, how  9 did he sort of get you to keep doing this? I mean,  10 it seems to me that, you know, you understand that  11 if you -- you're a Series 3 registrant, correct?  12 A Yes, that's correct.  13 Q And you worked at other IBs, right?  14 A Um-hmm.  15 Q Yes?  16 A Yes.  17 Q So two of them, right?  18 A Yes.  19 Q So you've got to -- I mean, did you  20 understand at the time that if you were making  21 misrepresentations to customers, saying things  22 that weren't true, you could be exposing yourself  23 to let's just say liability? You understood that,  24 right?</p>

<p style="text-align: right;">Page 173</p> <p>1 A At the time I did not because it was  2 my understanding that everything that Tim provided  3 us from a sales perspective was compliant and, you  4 know, approved for us to use.  5 Q Yeah. I hear what you're saying and  6 I don't want to push back, but I really do want  7 to get your story on this. Your testimony is that  8 Mr. Evans represented to you that these sales  9 materials were approved by the NFA, correct?  10 A Yes, that's correct.  11 Q But at the same time you acknowledge  12 that you knew these sales materials contained false  13 representations, right?  14 A Yes, that's accurate.  15 Q Yeah. So surely you couldn't have  16 thought it's false but the NFA approved it. I mean,  17 you must have understood that that couldn't be the  18 case, correct?  19 A Well, at the time I think I was -- just  20 bought into, you know, what he was giving me, like  21 what he was telling me.  22 Q I mean, did Mr. Evans like threaten you  23 or anything?  24 A It was very clear to us if we didn't</p>	<p style="text-align: right;">Page 175</p> <p>1 and Tim Evans.  2 Q All right. And what does it say here?  3 A This is a conversation regarding a wire,  4 a client wire transfer coming in.  5 Q Got it. So what do you write at the top?  6 A "Did any wire hit for the Bruno -- for  7 Bruno this a.m. on the board? I don't want to voice  8 it out loud for Wilky to be asking me about him."  9 Q And what does Mr. Evans say?  10 A "You know I would have confirmed that with  11 you already."  12 Q And then what do you say?  13 A "I didn't know if you had to go  14 into somewhere to check. We'll hopefully see  15 something today. That will cheer me up."  16 Q What does Mr. Evans say?  17 A "Yeah, me too. The only thing better than  18 pussy is ..."  19 Q And what do you say?  20 A "Money."  21 (Whereupon CFTC Exhibit No. 103 was  22 marked for identification, MM.)  23 Q All right. I want to hand you what  24 I've marked as CFTC Exhibit 103. Do you recognize</p>
<p style="text-align: right;">Page 174</p> <p>1 follow his process then, you know, he would cut us.  2 He would fire you.  3 Q But, I mean, did he ever threaten you  4 like he would hurt you or he would hurt somebody  5 you knew?  6 A I don't think so.  7 Q So -- and I know I've asked this  8 question before, but sort of why continue to do  9 it? Why not quit or seek another job earlier than  10 you did?  11 A After, you know, I met with Tim and  12 kind of gave him my concerns, I was hopeful that  13 the company could turn around with what they were  14 doing. But then when I saw that that was not  15 evident and it was evident from Tim that I had  16 to give recommendations to people that didn't want  17 to be clients anymore, I was not willing to do that.  18 So that's why I ultimately determined to leave.  19 (Whereupon CFTC Exhibit No. 102  20 was marked for identification, MM.)  21 Q All right. I want to hand you what I've  22 marked as CFTC Exhibit 102. And do you recognize  23 this document?  24 A This is a Skype conversation with me</p>	<p style="text-align: right;">Page 176</p> <p>1 this document?  2 A Yes, this is a Skype conversation with  3 Tim Evans.  4 Q And you, right?  5 A And myself, yes.  6 Q All right. So what's going on here?  7 What's this chat about, please.  8 A I'm giving Tim an update on where new  9 accounts are coming in.  10 Q All right. So there's something here  11 about a bet. I can't figure out what you guys are  12 talking about. What are you talking about?  13 A I'm not sure. If I were to guess,  14 I may have had a bet with Jeremy Ruth to -- maybe  15 for a number of accounts that we would bring in.  16 Q All right. And it looks here like  17 you guys are talking about an IRA account, is that  18 right?  19 A Yes, that's correct.  20 Q All right. So what percentage of your  21 clients -- and let's just focus on yours, if we  22 could, please -- at Long Leaf Trading were allowing  23 Long Leaf to trade their IRAs?  24 A Percentage of my clients, I would guess</p>



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1 about 50 percent.

2 Q Okay. So Mr. Evans says at 1:13 p.m.,  
3 "I can see your morals aren't too solid." And what  
4 do you say in response?

5 A "At the end of the day I'm here to make  
6 money. Futures brokers naturally have shaky morals.  
7 Also, worse comes to worse, Jeremy will find grounds  
8 to discredit the bet."

9 Q All right. I want to switch gears  
10 for a minute from really embarrassing stuff to  
11 just moderately embarrassing stuff. So I'm going  
12 to hand you what I'm marking as CFTC Exhibit 104.

13 (Whereupon CFTC Exhibit No. 104 was  
14 marked for identification, MM.)

15 Q All right. So do you recognize CFTC  
16 Exhibit 104, Mr. Leeney?

17 A I do.

18 Q Can you tell me what it is, please.

19 A This is a Skype message between myself  
20 and Tim Evans.

21 Q All right. So you write to Mr. Evans,  
22 "We should take one of the mornings this week to  
23 at least go over the customization script I had  
24 laid out so Tony can use it. Sounds like he's

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1 A Typically, yes.

2 Q Okay. And then the senior broker, which  
3 was you, would handle the custom call, right?

4 A Yes, correct.

5 Q So why do you guys call it that?  
6 Why is like the big sales call the custom call?

7 A I'm not very sure. It was just kind  
8 of always called that from the jump, you know.  
9 Originally when Tim started the Time Means Money  
10 program, the customization appointment, we were  
11 having more of a conversation with someone on what  
12 markets they want to trade or what their goals might  
13 be and then we would customize it to them. And then  
14 over time that appointment grew into like a scripted  
15 one-delivery-for-all type appointment.

16 Q Got it. So turning again to Exhibit 104  
17 you say, "We should take one of the mornings this  
18 week to at least go over the customization script I  
19 had laid out so Tony can use it." So did you create  
20 a script for this?

21 A No. I actually had Tim's customization  
22 script and I rewrote it, I believe, to one that was  
23 a little bit easier like laid out.

24 Q Got it.

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1 kind of lost with it." And Mr. Evans says, "Is he  
2 brutalizing his call? Okay." So do you remember  
3 this exchange?

4 A I don't know -- I don't remember this  
5 particularly, but I think this was in regards to  
6 the original customization script that Tim had given  
7 us for the program when it first started and got  
8 off the ground.

9 Q Got it. So you know what, we've  
10 been sort of talking about demos and customization  
11 because I know what they are and you know what they,  
12 but we should sort of lay it out for the record.

13 A Yes.

14 Q So if you would, please, what's the demo?  
15 What's the customization?

16 A The demo was an introductory  
17 appointment for about 30 minutes that covered just a  
18 general overview of the program. The customization  
19 appointment was the next appointment after the demo,  
20 and that was where we would actually try to earn  
21 someone's business by showing them the structure  
22 of the program.

23 Q Got it. And so the junior broker would  
24 typically do the demo call, right?

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1 A And that's what I believe I was referring  
2 to.

3 (Whereupon CFTC Exhibit No. 105  
4 was marked for identification, MM.)

5 Q Mr. Leeney, I'm going to hand you what  
6 I've marked as CFTC 105. And do you recognize CFTC  
7 Exhibit 105?

8 A I do.

9 Q Can you tell me what it is, please.

10 A So these are transcriptions from  
11 some of Jeremy Ruth's custom consultations or  
12 custom appointments. So I was struggling when we  
13 went to the scripted process for the customization  
14 appointment on getting clients. So Tim wanted me to  
15 listen to Jeremy Ruth's calls because he was having  
16 success bringing on new clients and transcribed  
17 questions and answers and just followup material  
18 to use with that call from him.

19 Q Got it. And you're sending these notes  
20 to Vince Prieto, is that right?

21 A Yes.

22 Q And you write, "I attached my notes  
23 that I go off of at the end of the custom if you  
24 want to look at them when you're listening to the



<p style="text-align: right;">Page 181</p> <p>1 calls."</p> <p>2 A Correct.</p> <p>3 Q All right. So what are you doing here</p> <p>4 for Mr. Prieto?</p> <p>5 A So after I wrote these notes -- or, yeah,</p> <p>6 I wrote these notes off of Jeremy's calls. I showed</p> <p>7 Tim the notes and he had like approved them, okayed</p> <p>8 them. And then I offered to send these to the other</p> <p>9 brokers that might need assistance because Vince was</p> <p>10 struggling as well.</p> <p>11 Q Got it. And did you do that? Did you</p> <p>12 send it to the other brokers?</p> <p>13 A To Vince I know because he was the</p> <p>14 other one that was running that appointment as well.</p> <p>15 I'm not sure at that time if anyone else was.</p> <p>16 Q Got it. So, you know, where does it</p> <p>17 sort of indicate in 105 -- and maybe it doesn't --</p> <p>18 that this is from, you know, Jeremy's calls, that</p> <p>19 this is what Jeremy Ruth is saying?</p> <p>20 A I don't know if it does or if it</p> <p>21 lists his name particularly. I just listened to</p> <p>22 call recordings of his and saw how he was running</p> <p>23 the followup section at the end of the custom.</p> <p>24 Q Got it. And did you provide these notes</p>	<p style="text-align: right;">Page 183</p> <p>1 talking points and everything. I think he just</p> <p>2 delivered it effectively.</p> <p>3 (Whereupon CFTC Exhibit No. 106</p> <p>4 was marked for identification, MM.)</p> <p>5 Q Mr. Leeney, I want to hand you what</p> <p>6 I've marked CFTC Exhibit 106. And do you recognize</p> <p>7 this document?</p> <p>8 A Yes.</p> <p>9 Q Can you tell me what it is, please.</p> <p>10 A So this is the transcribed notes or the</p> <p>11 transcription of Jeremy Ruth's calls.</p> <p>12 Q And so you sent this to yourself?</p> <p>13 A Yes.</p> <p>14 Q All right. So your testimony is</p> <p>15 that the documents we see appended to the email</p> <p>16 in Exhibit 106, Low Starting Amount.docx and Post</p> <p>17 Custom Final.docx, your testimony is that these are</p> <p>18 transcriptions from Mr. Ruth's calls?</p> <p>19 A Yes.</p> <p>20 Q And did you use these yourself on calls?</p> <p>21 A Yes, I did.</p> <p>22 Q Did you send these to any other brokers?</p> <p>23 A Not to my knowledge.</p> <p>24 Q So at what point -- and maybe the</p>
<p style="text-align: right;">Page 182</p> <p>1 to any of the other brokers?</p> <p>2 A I believe later on Tim distributed</p> <p>3 it to Brian Adams and some of the junior brokers</p> <p>4 that were beginning to try out the customization</p> <p>5 call. I'm not sure which ones, though.</p> <p>6 Q But did you send it to any of the other</p> <p>7 brokers?</p> <p>8 A Not that I recall. I think I only gave</p> <p>9 it to Vince.</p> <p>10 Q All right. So I've heard this before,</p> <p>11 that Jeremy Ruth had a lot of clients. Is that</p> <p>12 right?</p> <p>13 A Yes.</p> <p>14 Q So do you have any knowledge or</p> <p>15 understanding of why he had quite so many clients?</p> <p>16 A He was just good at sales and running</p> <p>17 those appointments. So I think he was just an</p> <p>18 aggressive personality and that's why he ended</p> <p>19 up having so many.</p> <p>20 Q Was there anything special that you</p> <p>21 think he said or did that set him apart from the</p> <p>22 other brokers?</p> <p>23 A Not that I can think of, you know,</p> <p>24 because we all used the same sales process and</p>	<p style="text-align: right;">Page 184</p> <p>1 answer is just from the very beginning -- did you</p> <p>2 start working from a script? Because, you know,</p> <p>3 your testimony is that the last couple of exhibits</p> <p>4 that look like scripts that you're sending to other</p> <p>5 people or to yourself were transcriptions of calls</p> <p>6 that Mr. Ruth made, is that right?</p> <p>7 A Correct, yes.</p> <p>8 Q And those calls were good so you were</p> <p>9 going to -- or effective anyway. And so you were</p> <p>10 going to use those notes for yourself, right?</p> <p>11 A Yes, correct.</p> <p>12 Q So like did you not have a script at</p> <p>13 that point? Like how did you know what to say?</p> <p>14 A No, we did have a script. But on</p> <p>15 the customization appointment, at the end of that</p> <p>16 appointment when people would have questions or</p> <p>17 you know, just things like that, this script was</p> <p>18 used as a guide to go -- to like, you know, address</p> <p>19 questions and things like that because we weren't</p> <p>20 going through specific trade examples or anything</p> <p>21 like that. It was all kind of just conceptual.</p> <p>22 So this would be like the Q and A section at the</p> <p>23 end of the custom consultation.</p> <p>24</p>

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1 (Whereupon CFTC Exhibit No. 107  
 2 was marked for identification, MM.)  
 3 Q Got it. Mr. Leeney, I want to hand  
 4 you what I've marked as CFTC Exhibit 107. Do you  
 5 recognize this document?  
 6 A Yes. So this is the demo or introductory  
 7 appointment, the first appointment in the sales  
 8 process. So this would be the script.  
 9 Q Got it. So you'll see this is in  
 10 Exhibit 107, this is an email from Tim Evans to  
 11 you, subject Demo Script, and it's dated January 23,  
 12 2017, right?  
 13 A Yes, that is correct.  
 14 Q So do you know who put this script  
 15 together?  
 16 A So who wrote this script?  
 17 Q Yeah.  
 18 A Was Jeremy Ruth.  
 19 Q How do you know that?  
 20 A He had said so, and I know that Tim  
 21 enlisted his help in putting together the sales  
 22 process and the script.  
 23 Q Did Mr. Evans enlist your help in  
 24 putting together the script for the sales process?

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1 A Originally when we started up in 2015,  
 2 me and him were like trying out like different  
 3 appointment styles. But from a script-writing  
 4 standpoint, no. The only thing that I wrote  
 5 were the transcribed notes from Jeremy's calls  
 6 that I gave to Tim.  
 7 Q Did those kind of get funneled into  
 8 this script that we see in Exhibit 107 or do you  
 9 not know?  
 10 A The transcribed calls?  
 11 Q Yeah.  
 12 A Well, it wouldn't be in this one, in  
 13 107. It would be in the customization appointment.  
 14 Q Got it.  
 15 A So those ended up becoming a part of that  
 16 customization appointment script.  
 17 Q So let's focus our attention, if we  
 18 could, please, on Exhibit 107 and this script.  
 19 January of 2017, is this the first time you had  
 20 sort of seen this script that's attached here or  
 21 is this like a version of something that you saw  
 22 earlier?  
 23 A No, this is just a revised version.  
 24 We've had something similar to this since 2015,

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1 around there.  
 2 Q Got it. So what was different  
 3 about the version we see in Exhibit 107, if you  
 4 remember?  
 5 A I don't remember. Honestly, the  
 6 revisions that would come out might be missing  
 7 a comma or something like that or an extra page  
 8 space.  
 9 Q So when did you first see the -- what's  
 10 a good name for this script?  
 11 A Demo script.  
 12 Q Okay. So when's the first time you saw  
 13 the demo script?  
 14 A That would probably be, if I had  
 15 to estimate, fall of 2015, maybe past the midway  
 16 point of 2015.  
 17 Q So very early in the program this was  
 18 distributed to you and other brokers, correct?  
 19 A Correct.  
 20 Q And who distributed it?  
 21 A Tim Evans.  
 22 Q And was this a script that you followed  
 23 in doing your calls?  
 24 A Yes, it was.

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1 MR. BURDEN: All right. You know,  
 2 we've been going for an hour. Why don't we  
 3 take a break and have a deep breath and we'll  
 4 come back in ten.  
 5 THE WITNESS: Sounds good.  
 6 (Whereupon a recess was taken from  
 7 3:10 p.m., to 3:30 p.m., after which  
 8 the following proceedings were had:)  
 9 MR. BURDEN: Joe, do you want to --  
 10 MR. PATRICK: Sure, yeah.  
 11 FURTHER EXAMINATION  
 12 BY MR. PATRICK:  
 13 Q Mr. Leeney, you testified earlier  
 14 that you received commissions from Long Leaf Trading  
 15 as part of your compensation, is that right?  
 16 A Yes, that's correct.  
 17 Q And for a period of time you also received  
 18 a small salary, is that right?  
 19 A Yes.  
 20 Q And can you refresh my memory on that?  
 21 What was your salary amount?  
 22 A My salary amount was 1500, \$1500 per month.  
 23 Q Per month?  
 24 A Yes.

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1 Q And that wasn't a draw. That  
 2 wasn't something that needed to be paid back  
 3 with commissions. It was just a straight salary?  
 4 A No. Yeah, that was just a straight salary.  
 5 Q And do you have a sense of how much  
 6 in commissions you earned while you were at Long  
 7 Leaf Trading?  
 8 A I do not.  
 9 Q Did you receive 1099s for your  
 10 commissions or were you an employee of Long Leaf  
 11 Trading?  
 12 A It was a 1099. If I think about  
 13 it, 2013 I would estimate that I may have made  
 14 around 25 or 30,000. 2014 and '15 I would estimate  
 15 maybe around 40 or 50,000. 2016-2017 I would  
 16 estimate maybe around 60 or 70,000.  
 17 Q I think you said earlier that in '13  
 18 you made -- how much money?  
 19 A I was just estimating it around like  
 20 25 or 30,000 or so.  
 21 Q Okay. And would that be at your  
 22 employer before Long Leaf because I thought you  
 23 started in June of '14 at Long Leaf Trading.  
 24 A Oh, that's right. So I was referring

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1 to my first like year at Long Leaf. But, yeah,  
 2 I'm not sure offhand how much I would have made  
 3 that year then.  
 4 Q Okay, I'm sorry. You started June of '13?  
 5 A Yeah, June of 2013.  
 6 Q Oh, I apologize. And you were a 1099  
 7 employee the whole time you were --  
 8 A Yes, I was.  
 9 Q Okay. And do you have any sense  
 10 in total of how much in commissions you earned  
 11 for Long Leaf Trading?  
 12 A No, I do not.  
 13 Q You mentioned that your commission  
 14 rate while you were at Long Leaf was anywhere  
 15 from 20 percent up to a maximum of 40 percent on  
 16 certain accounts?  
 17 A Well, as low as 10 percent, as high as  
 18 40 percent.  
 19 Q And for the 10 percent commissions,  
 20 those would be commissions that you were sharing  
 21 with one of the junior brokers?  
 22 A No. The 10 percent commission  
 23 rate would be if you had -- if someone had left  
 24 and you were working with their clients or giving

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1 the recommendation to their clients, he gave you  
 2 a 10 percent payout rate on that or a 10 percent  
 3 commission rate.  
 4 Q So if I were to give you a sum  
 5 for commissions, would you be able to tell me  
 6 if you thought that sounded like the correct amount  
 7 of commissions that were earned on accounts that  
 8 you were the salesperson for while you were at  
 9 Long Leaf?  
 10 A Yeah, I could probably see if it's  
 11 relatively accurate.  
 12 Q So the number I'm showing for  
 13 commissions earned -- and this is just the years  
 14 2014, 2015, 2016 and 2017, and you testified that  
 15 you left in September of 2017, is that right?  
 16 A That is correct.  
 17 Q Okay. So the number would be approximately  
 18 788,000.  
 19 A Okay. Sounds accurate, but I don't know.  
 20 Q You never saw anything while you were  
 21 at Long Leaf Trading that would have summarized or  
 22 totaled the commissions that you earned by year or  
 23 by month or anything like that?  
 24 A No, I've never seen that.

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1 Q Did you ever talk about commissions  
 2 or total sales while you were at Long Leaf Trading  
 3 with Tim Evans?  
 4 A Not that I recall, no.  
 5 FURTHER EXAMINATION  
 6 BY MR. BURDEN:  
 7 Q All right. So, Mr. Leeney, I want to  
 8 talk about some of the documents that you produced  
 9 to us. I'm supposed to do this dance where I show  
 10 it to you and I say do you recognize it, but that's  
 11 hard to do because they don't have names on them or  
 12 emails. So I'll just tell you what the file names  
 13 are --  
 14 A Okay.  
 15 Q -- and you can just tell me what you  
 16 remember about them.  
 17 (Whereupon CFTC Exhibit No. 108  
 18 was marked for identification, MM.)  
 19 Q So I want to hand you a document I've  
 20 marked as CFTC Exhibit 108. And the title of this  
 21 file, and you don't see it on here, the title of the  
 22 file that you produced is How Has the Program Worked  
 23 Rebuttal. So do you know what that is?  
 24 A Yes, this was --

<p style="text-align: right;">Page 193</p> <p>1 Q What is it, please.</p> <p>2 A Yeah. This was a transcribed phone</p> <p>3 call from Jeremy Ruth that just addressed a question</p> <p>4 that would pop up.</p> <p>5 Q And what was that question?</p> <p>6 A "I've liked what I've seen in the</p> <p>7 program, but how has it worked? What percentage</p> <p>8 of the time do you actually win?"</p> <p>9 Q Oh, so actually it's written up here</p> <p>10 at the top?</p> <p>11 A Yes, correct.</p> <p>12 Q I'd forgotten about that. So I'm not</p> <p>13 going to ask that we read Exhibit 110 all the way</p> <p>14 through, but this sounds like a question that you</p> <p>15 would probably get a lot from customers, is that</p> <p>16 right?</p> <p>17 A I don't recall. But, yeah, I mean,</p> <p>18 we would get this question.</p> <p>19 Q Yeah. I would expect that if you're</p> <p>20 selling somebody an investment program, they would</p> <p>21 ask how did it do, right?</p> <p>22 A Correct.</p> <p>23 Q And this is designed to answer that</p> <p>24 question, correct?</p>	<p style="text-align: right;">Page 195</p> <p>1 could, please. So your testimony is that 108 is a</p> <p>2 transcription you made from listening to Jeremy's</p> <p>3 calls, is that right?</p> <p>4 A Yes, that's correct.</p> <p>5 Q And did you use this script when customers</p> <p>6 asked how the program worked?</p> <p>7 A I believe so, yes.</p> <p>8 (Whereupon CFTC Exhibit No. 109</p> <p>9 was marked for identification, MM.)</p> <p>10 Q All right. Mr. Leeney, I want</p> <p>11 to hand you what I've marked as CFTC Exhibit 109.</p> <p>12 A Okay.</p> <p>13 Q And this is a document that you</p> <p>14 produced to us, and the title on the document</p> <p>15 is James Leeney Prospect List. So can you tell me</p> <p>16 what this document is, please.</p> <p>17 A So this was a document that I had of</p> <p>18 prospects just in general. So when I reviewed this,</p> <p>19 I don't think I had any like clients or anything</p> <p>20 like that. These were just prospects that I was</p> <p>21 speaking to about the program.</p> <p>22 Q Got it. And did you write the notes here</p> <p>23 about these guys?</p> <p>24 A Yes, correct.</p>
<p style="text-align: right;">Page 194</p> <p>1 A Yes.</p> <p>2 Q So is it fair to say that in Exhibit 110</p> <p>3 it doesn't actually say how the program worked, does</p> <p>4 it?</p> <p>5 A That is correct.</p> <p>6 Q And it doesn't say what percentage of the</p> <p>7 time customers actually -- to use the language of</p> <p>8 Exhibit 110 -- win, right?</p> <p>9 A No, it does not. Tim, with these calls</p> <p>10 he wanted us to focus on prospective clients buying</p> <p>11 into the concepts, not necessarily like buying like</p> <p>12 an individual trade. So a lot of the back and forth</p> <p>13 that we had, he wanted us to stay like concept</p> <p>14 driven with it.</p> <p>15 Q Got it. So like if a customer asked</p> <p>16 how does the program work, you're supposed to tell</p> <p>17 them what's in Exhibit 110?</p> <p>18 A Yes -- or I've got 108.</p> <p>19 Q What is it? I thought it was 110.</p> <p>20 MR. PATRICK: No, it's 108.</p> <p>21 BY MR. BURDEN:</p> <p>22 Q Sorry.</p> <p>23 A But, yes, that's correct.</p> <p>24 Q So let's look at another one, if we</p>	<p style="text-align: right;">Page 196</p> <p>1 Q All right. So who is Nikhil Desai?</p> <p>2 Does that name mean anything to you?</p> <p>3 A No, it does not.</p> <p>4 Q All right. So the note there says,</p> <p>5 "This guy is a dick now, wants a track record and</p> <p>6 is real combative." Did you write that?</p> <p>7 A Yes, I did.</p> <p>8 Q All right. So this business of wanting a</p> <p>9 track record, is that your basis for your assessment</p> <p>10 of Nikhil Desai as a dick?</p> <p>11 A No, but that would be the basis why</p> <p>12 he's no longer interested because we didn't have</p> <p>13 a track record.</p> <p>14 Q Did you provide Mr. Desai with a track</p> <p>15 record of any kind?</p> <p>16 A No, I did not.</p> <p>17 Q Was it Long Leaf's policy to refuse</p> <p>18 to provide prospective customers with results of</p> <p>19 previous trading?</p> <p>20 A Yes. I mean, it was our understanding</p> <p>21 that we were not able to provide a track record</p> <p>22 unless we were a CTA.</p> <p>23 Q Who told you that?</p> <p>24 A That was my understanding from Tim Evans.</p>



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1 Q And when did Mr. Evans tell you this?

2 A I don't recall, but that was the policy  
3 that he had.

4 Q All right. I want to push back on that  
5 a little.

6 A Okay.

7 Q You're a Series 3 registrant, correct?

8 A Yep, that is correct.

9 Q And you've worked for other IBs, right?

10 A Yes.

11 Q So did those IBs provide customers with  
12 track records?

13 A Insignia Futures & Options did for  
14 their CTA program, not for stuff outside the CTA.  
15 Kingsview Financial, not to my knowledge.

16 Q Was it your understanding that  
17 Long Leaf Trading was prohibited from providing  
18 a track record because it was not a CTA?

19 A Yes, that was my understanding.

20 Q And what is your basis for that  
21 understanding?

22 A That was my understanding from Tim  
23 Evans. I don't recall like a specific conversation,  
24 but that's my understanding.

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1 Q And so if customers asked -- I should  
2 ask you instead. When you were talking to Long  
3 Leaf customers, did they ever ask you how other  
4 traders had done or if people made money?

5 A They would, but I don't recall the  
6 response or like the rebuttal that we would have  
7 for it.

8 Q Well, do you remember what you said to  
9 them?

10 A No, I don't.

11 Q Did you ever tell them that you were  
12 forbidden from providing that information because  
13 you were not a CTA?

14 A Not exactly like that, but I believe  
15 that we did, yes.

16 Q So what did you say exactly? What  
17 was your thing that you said when customers asked  
18 how traders had done in the program?

19 A Like they had in the script for people  
20 that asked about a track record.

21 Q And did you produce that script?

22 A I believe I did.

23 Q Yeah. And was the title on that script --  
24 and I'll get it in a minute -- Past Performance

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1 Requests?

2 A Yes, I think so.

3 Q So what did past performance requests,  
4 what did that script instruct you to say?

5 A I don't recall.

6 Q All right. Certainly it didn't instruct  
7 you to tell customers that substantially all Long  
8 Leaf customers lost money trading, right?

9 A Yes, that's correct.

10 Q So I want to explore this more.

11 So your testimony is you felt that you couldn't  
12 tell customers what the real past performance of  
13 Long Leaf customers was because it was forbidden by  
14 the NFA because you were not a CTA, is that right?

15 A Well, we actually -- I was just  
16 thinking about it. Before -- because Tim like in  
17 the original like trade alert service would send  
18 out like a recommendation by email. That way like  
19 people would be able to track like performance or  
20 like satisfy that request, but for the Time Means  
21 Money program we didn't have a track record.

22 Q Well, but Long Leaf Trading had a track  
23 record, did it not?

24 A Not to my knowledge.

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1 Q Well, it had done previous trades for  
2 customers, isn't that right?

3 A Yeah, that's correct.

4 Q Right. So they had some kind of a track  
5 record, didn't they?

6 A Yes, but I was of the understanding  
7 that track record was like an audited track record  
8 for a CTA.

9 Q What is your basis for that understanding?

10 A That's what Tim had us understand  
11 when we were there, that a track record was like  
12 an audited, published track record.

13 Q So is that your understanding of  
14 what track record means from your training as  
15 a Series 3, that it was quite such a formalistic  
16 definition?

17 A Not necessarily. But I did come  
18 to believe that it was, you know, a pretty formal  
19 definition at Long Leaf Trading Group.

20 Q But surely you must have understood  
21 that when customers asked for past performance, they  
22 didn't care if it was audited. They just wanted to  
23 know how people were doing, don't you think?

24 A Yeah, I think so.



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1 Q Did you tell them?  
 2 A I don't recall, but I don't think so.  
 3 Q Why not?  
 4 A Because, again, that was the policy  
 5 that Long Leaf had. And then, I mean, there were  
 6 periods where people were, you know, losing money  
 7 so ...  
 8 Q So what?  
 9 A So we didn't give our track record.  
 10 Q Because people would not like that  
 11 customers were losing and thus would not invest,  
 12 correct?  
 13 A But also it was a very strict policy  
 14 that Tim had with us too. Like he did not want  
 15 us to talk about individual trades or performance  
 16 necessarily. He wanted our sales process to be  
 17 focused on like a concept of the sales process.  
 18 Q So this was Mr. Evans' policy?  
 19 A Yes, correct.  
 20 Q Did you ever deviate from the policy?  
 21 A Not that I can recall. I'm sure that  
 22 there was sometimes where I was like a little off  
 23 script or something like that, but it was his policy  
 24 that we had to follow the script pretty strictly.

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1 Q Did you ever call NFA and ask whether  
 2 in fact you were precluded from giving out Long Leaf  
 3 Trading's past performance?  
 4 A No, I did not.  
 5 Q Did you ever reach out to anybody else?  
 6 A No, not that I know of.  
 7 (Whereupon CFTC Exhibit No. 110 was  
 8 marked for identification, MM.)  
 9 Q All right. Mr. Leeney, I want to hand you  
 10 what I've marked as CFTC Exhibit 110.  
 11 MR. SINCLAIR: Back to 110, are we?  
 12 MR. BURDEN: The second 110. No, there's  
 13 only one 110. There you go (tendering).  
 14 Q So do you recognize this document?  
 15 A Yes, this is an email from Jeremy Ruth.  
 16 Q So Mr. Ruth writes to you and to Vince  
 17 Prieto and the subject is Calls to Review, right?  
 18 A Correct.  
 19 Q And it's April of 2017. What's going  
 20 on here, please.  
 21 A So Jeremy included some different  
 22 types of calls that he did and sent them to us  
 23 to listen to.  
 24 Q All right. So do you know who Jerry

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1 Krantz is?  
 2 A I do not.  
 3 Q So Jeremy writes, "Bros, here are  
 4 some calls I think are worth the listen," and for  
 5 Jeremy Krantz he says, "Started from a Pierre fuck  
 6 up, but the value in this call is how to get around  
 7 a request for a track record and how to show empathy  
 8 so he feels you understand him. Let me know if you  
 9 have any questions." And then you respond, "Thanks,  
 10 Bra," right?  
 11 A Correct.  
 12 Q All right. So do you have any  
 13 understanding of why Mr. Ruth thought it was  
 14 important to get around a request for a track  
 15 record?  
 16 A Because that was a common question that  
 17 we would get on the program.  
 18 Q The track record?  
 19 A The track record, correct.  
 20 Q And you interpreted this track record to  
 21 mean a request for an audited performance statement  
 22 in some formal way, right?  
 23 A That was my understanding at the time.  
 24 Q But you've got to know -- sorry. I cut

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1 you off.  
 2 A Oh, no. That's all right. But,  
 3 you know, the big emphasis that Tim always had on  
 4 the customization appointment was he wanted it to  
 5 be concept driven and not focused on necessarily  
 6 selling an idea or selling like a month's  
 7 performance or something like that. So that's why  
 8 we had to, you know, essentially use those rebuttals  
 9 that got away from talking about like a specific  
 10 trade or a track record or something like that.  
 11 Q Is it fair to say that the customers you  
 12 solicited were retail investors?  
 13 A Yes, correct.  
 14 Q So regular Joes, in other words?  
 15 A I would say, I mean, for the most part,  
 16 you know, usually people with higher net worth, but  
 17 yeah.  
 18 Q All right. So when these people  
 19 are asking for a track record, did you really  
 20 think they meant they want some special NFA audited  
 21 track record that only CTAs give out that you're not  
 22 really sure about the details of?  
 23 A No. But, you know, a lot of -- because  
 24 this wasn't like a managed program, I didn't think

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1 that we were able to provide anything like that.  
 2 Q But you knew what these customers  
 3 wanted, didn't you, when they asked for a track  
 4 record?  
 5 A Yeah, they wanted to see performance but --  
 6 Q Did you give that to them?  
 7 A Not that I recall.  
 8 Q And you knew what the performance was,  
 9 didn't you?  
 10 A Yeah, at the time I did.  
 11 Q And it wasn't good?  
 12 A No.  
 13 (Whereupon CFTC Exhibit No. 111  
 14 was marked for identification, MM.)  
 15 Q I want to hand you what I've marked  
 16 CFTC Exhibit 111. Do you recognize this document?  
 17 A This was an email from Tim Evans to myself  
 18 and Brian Adams.  
 19 Q All right. And it looks like Mr. Evans is  
 20 forwarding an email from Dave Mook, is that correct?  
 21 A That is correct.  
 22 Q And who's Mr. Mook?  
 23 A I don't know who Mr. Mook is.  
 24 Q It looks like Mr. Mook is responding

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1 to some kind of email ad for Time Means Money. Is  
 2 it fair to assume that he's a prospective customer?  
 3 MR. SINCLAIR: If you ask him to  
 4 speculate, that's fine.  
 5 MR. BURDEN: Ask him to speculate.  
 6 A Yeah, I'd say that would be fair to assume.  
 7 Q All right. So Mr. Mook writes in  
 8 response to the Time Means Money email, "However  
 9 beautiful the strategy, you should occasionally  
 10 look at the results," and he cites Winston Churchill  
 11 for that. Mr. Evans then forwards that to you and  
 12 Mr. Adams. Did you talk about this email with  
 13 Mr. Evans or Mr. Adams?  
 14 A No, I don't remember this.  
 15 Q Did you sort of act on this humorous  
 16 email from Mr. Mook? Did you look at the results  
 17 of the Time Means Money strategy?  
 18 A I mean, I don't even remember seeing this  
 19 email. I'm not sure, sorry.  
 20 Q That's all right. So I want to switch  
 21 gears a little bit and talk about the statements  
 22 that you and customers received from Gain. Did you  
 23 find those statements confusing at all?  
 24 A They could be confusing, yes.

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1 Q Do you think that customers found them  
 2 confusing?  
 3 A I think they did.  
 4 Q Yeah. And, in fact, customers expressed  
 5 that to you in phone calls and emails, correct?  
 6 A Yes, that is correct.  
 7 Q So was there any type of script or any  
 8 other prescription you were given on how to deal  
 9 with customer confusion?  
 10 A So typically in the -- what was called  
 11 the orientation appointment, after a client came on  
 12 board to Long Leaf Trading Group, we would walk them  
 13 through the statements and what was where, get them  
 14 prepared on how to read the charts that we send out.  
 15 And after that, you know, if a client had a question  
 16 about a statement, you know, then we had to address  
 17 the question there.  
 18 Q All right. Like it seems like clients  
 19 if they're part of the program -- and I'll get you  
 20 some exhibits in a minute -- but they're typically  
 21 seeing pretty poor results month over month, if they  
 22 can read the statements, is that right?  
 23 A Yes.  
 24 Q But customers had trouble reading the

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1 statements, correct?  
 2 A Not all customers. Some did, some  
 3 didn't. But, you know, even with poor results  
 4 month over month, a lot of people had kept being  
 5 customers because, again, you know, they were buying  
 6 into the concept of options selling that Tim wanted  
 7 us to sell. So they felt that, you know, the  
 8 results could even out.  
 9 Q And is that what you saw over the course  
 10 of the year?  
 11 A No, that's not what I saw.  
 12 Q What did you see?  
 13 A I saw that the results weren't  
 14 improving. I saw that, you know, it was an  
 15 environment that became more and more hostile and  
 16 unstable and which is why I left.  
 17 Q Is it fair to say that Long Leaf Trading  
 18 was a sales-focused environment?  
 19 A Yes, that's fair to say.  
 20 (Whereupon CFTC Exhibit No. 112 was  
 21 marked for identification, MM.)  
 22 Q So I want to give you what I've marked as  
 23 CFTC Exhibit 112, and it's a group exhibit comprised  
 24 of three separate emails. And you say the same

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1 thing, substantially the same thing to customers  
 2 in all three emails. And there's also three staples  
 3 in it for some reason, so watch yourself.  
 4 A Okay.  
 5 Q But I'm going to ask you about it.  
 6 So Exhibit 112, you'll see that the first email  
 7 in the exhibit is from Andy Trott to you. Who is  
 8 Andy Trott, please.  
 9 A Andy Trott was a client of mine.  
 10 Q All right. So he's asking you  
 11 on April 21st of 2017 what the current net position  
 12 is, right?  
 13 A Correct, yes.  
 14 Q And so you're responding, "Currently  
 15 negative 200 with these losing positions coming  
 16 off." And then you say, "This should set us up  
 17 for a strong May. Although the uptick in volatility  
 18 hurt those positions while we were holding them,  
 19 it will give us a more favorable situation  
 20 establishing new positions since we'll be able  
 21 to increase our margin of error even further."  
 22 And this is the statement I'll focus on, "That's  
 23 why we tend to see a lot stronger periods coming  
 24 off of a bad month."

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1 Is that true? Did you tend to  
 2 see a lot stronger period coming off a bad month?  
 3 A Well, the reason I made that statement  
 4 is because typically volatility would increase  
 5 and, you know, a position would work against you.  
 6 So we felt that with that volatility increase, when  
 7 we established a new position we can get a more  
 8 favorable position for it.  
 9 Q So in results where Long Leaf Trading  
 10 had a -- or in months where Long Leaf Trading had  
 11 bad results, did you tend to see better results the  
 12 next month?  
 13 A I don't recall.  
 14 Q So let's turn the page, if we could,  
 15 please, and go to page 3 of Exhibit 112. And we  
 16 see you corresponding with Mr. Hayden again, is that  
 17 right?  
 18 A Yes.  
 19 Q So it looks like you're writing to  
 20 Mr. Hayden and you say in June of 2017 substantially  
 21 the same thing as we saw you say in that email  
 22 to Mr. Trott. You say, "We tend to perform well  
 23 coming out of these periods where we take a loss,"  
 24 and that's in the final sentence of the second

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1 paragraph. Do you see that?  
 2 A Yes.  
 3 Q All right. And then you forward  
 4 it to Mr. Ruth with a picture of a fire extinguisher  
 5 going off, is that right?  
 6 A Yes, that is correct.  
 7 Q So what is that picture of a fire  
 8 extinguisher meant to indicate?  
 9 A I think it was meant to indicate putting  
 10 out a fire.  
 11 Q All right. And what's the fire that  
 12 you were putting out?  
 13 A A client fire.  
 14 Q All right. Final email, if we could,  
 15 please, from July of 2017. It's an email from you  
 16 to Mr. Williams. Who's Andre Williams?  
 17 A He was a client of mine.  
 18 Q All right. So Mr. Williams is asking,  
 19 "Are these trades high probability and how much  
 20 at risk per trade?" And you respond and say, "Yes,  
 21 they are," and you talk about designing the trade.  
 22 And then in the second paragraph of the email you  
 23 say, "You'll notice that premium collections are  
 24 higher this month than we have had before. This

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1 is because of that volatility that allows us to  
 2 position more favorably and one of the reasons  
 3 we tend to perform well after down periods."  
 4 So this statement that we've  
 5 seen you make three times in response to customer  
 6 inquiries about positions in Exhibit 112 that we  
 7 perform well after down periods, is this something  
 8 you came up with or is this something that you  
 9 were supposed to say to customers? Maybe it's  
 10 not a pattern. Maybe I'm seeing a pattern, but  
 11 it looks like a pattern.  
 12 A It's something that we were trained to  
 13 say to customers. So when we had a down period,  
 14 Tim would let us know that, you know, when those  
 15 down periods occur, you know, it's because  
 16 volatility spiked up while we held some option  
 17 sales. So when we reinitiate the next positions  
 18 for the next month, even though those positions --  
 19 or the existing positions lost money, we should  
 20 be able to get a more favorable spot with the  
 21 new positions.  
 22 Q Was that true in your experience?  
 23 A I don't recall the periods coming off  
 24 of down months.

<p style="text-align: right;">Page 213</p> <p>1 Q All right. So what did you do to 2 figure out if this thing was correct that Mr. Evans 3 was trying to get you to say to people? 4 A Well, conceptually I felt it was 5 correct because of that inflated volatility going 6 into that next month, but I don't recall anything 7 else I did. 8 Q What do you know about CFDs of Long Leaf 9 Trading? 10 A I've heard of Tim Evans having some type 11 of CFD client. 12 Q What do you know about it? 13 A That I'm not very sure of. That 14 was business like Tim worked directly with, so 15 no one else like worked with that type of business. 16 MR. SINCLAIR: I'm sorry. Excuse me. 17 Did you say CFP? 18 MR. BURDEN: CFD. 19 MR. SINCLAIR: CFD? 20 MR. BURDEN: Yeah, as in delta. 21 A Yeah, I've never worked with anything 22 CFD myself, and I'm not very familiar with it. 23 Q Do you know who Mr. Evans' client is? 24 A No, I don't know like a client name.</p>	<p style="text-align: right;">Page 215</p> <p>1 Bob Diyori. 2 Q And what do those reviews say, please. 3 A One of the reviews said that they 4 were an S&amp;P trader and liked the service. The 5 other review said that the account process opening 6 was easy to use and the platform was easy to use. 7 Q Did they say anything about profitability? 8 A No, not that I recall. 9 Q So why did you agree to do this? 10 A You know, honestly, like in that 11 environment it was something that -- you know, Tim 12 over the years kind of became increasingly hostile 13 and unstable and it was pretty intimidating. And, 14 you know, that's something that, you know, parts 15 of my tenure there was very manipulated by him. 16 Q How tall is Tim? 17 A Tim is about 5'10, 5'11". 18 Q How tall are you? 19 A I am 6'3". 20 Q All right. Were there any other fake 21 Google reviews? 22 A I had asked my wife to write one. 23 Q Did she? 24 A She did.</p>
<p style="text-align: right;">Page 214</p> <p>1 I believe it was someone may have been overseas 2 or something like that. 3 (Whereupon CFTC Exhibit No. 113 4 was marked for identification, MM.) 5 Q I want to hand you what I've marked as 6 CFTC Exhibit 113. Do you recognize this document? 7 A Yes, this is a Skype message from myself. 8 Q And it looks like it's to Tim Evans, right? 9 A Yes, to Tim Evans. 10 Q All right. So you say, "Look up our 11 new Google review. See if it looks a little more 12 natural." 13 A Um-hmm. 14 Q Yes? 15 A That's correct. 16 Q All right. So did you write a Google 17 review for Long Leaf Trading? 18 A Yes. Tim wanted me to write a Google 19 review in response to him having some negative 20 Google reviews from clients on there. 21 Q And how many Google reviews did you write? 22 A I believe I wrote two. 23 Q And what were the names of those, please. 24 A From what I recall, a John Little and</p>	<p style="text-align: right;">Page 216</p> <p>1 Q All right. Well, I'm sorry. What was 2 the name on that one? 3 A Kathleen Lynch. 4 Q Did any of the other brokers write fake 5 Google reviews? 6 A I tried to have her take it down, but 7 she wasn't able to. 8 Q We're not going to bring her in. 9 A Okay. In terms of the other brokers, 10 I don't believe so. 11 Q Why were you given this odious task? 12 A I don't recall why it was my task. 13 Q Were there any other sort of fake 14 reviews or similar efforts that Mr. Evans engaged 15 in to promote Long Leaf? 16 A Nothing I recall. 17 Q So this is going way back. I should have 18 asked you this at the very beginning of testimony. 19 But this transition from the short swing sales to 20 Time Means Money, like did that result in a lot 21 more clients coming in? Was it like better? 22 A Initially, no, but eventually we did 23 consistently have more clients come in. 24</p>



<p style="text-align: right;">Page 217</p> <p>1 (Whereupon CFTC Exhibit No. 114 2 was marked for identification, MM.) 3 Q So I want to hand you what I've 4 marked as CFTC Exhibit 114, and I want to ask 5 you if you recognize this document and what you're 6 talking about. 7 A So this is a Skype message from myself 8 to Tim that I am describing part of the Time Means 9 Money benefit is a bigger account size. 10 Q Yeah. So why is that? You say, "I knew 11 this setup would increase sales." Are you referring 12 to Time Means Money there? 13 A Yes. 14 Q "But the biggest thing has been 15 account size. My last four have been 10K, 50K, 16 25K and 50K." Like why should that be? You know, 17 why is this better than the previous iteration? 18 A Well, Tim felt it was because of like 19 someone buying the concept of something versus an 20 individual idea. So instead of someone opening an 21 account for a smaller amount to do, you know, a gold 22 position, Tim wanted it to be where people were like 23 buying the concept of selling options. 24 Q And so people did and that resulted in</p>	<p style="text-align: right;">Page 219</p> <p>1 gotten the same clients under 007 and like Burns 2 would have gotten them under 16, but it seemed 3 not to be that way. 4 A So are you asking like why are the 5 clients separate? 6 Q Are they separate? Am I right? 7 A They should be. 8 Q Why? 9 A I think it was because the payout 10 was different on each one, but that was never 11 really made too clear. 12 Q So what's Special? What's the 003 Special 13 one? You start getting that like right away. 14 A Oh, that might have been my -- like an 15 original or an old sales code. 16 Q Okay. 17 A Or the old 40 percent one maybe 18 because by the time I left he had changed the pay 19 structure a lot. So there was a different setup. 20 (Whereupon CFTC Exhibit No. 115 21 was marked for identification, MM.) 22 Q Mr. Leeney, I want to hand you what 23 I've marked as CFTC Exhibit 115. Do you recognize 24 this document?</p>
<p style="text-align: right;">Page 218</p> <p>1 more deposits, is that right? 2 A Yes, correct. 3 Q So boring stuff now. I saw you 4 getting Gain statements with four different sales 5 codes on it. So LL07 is just James Leeney, right? 6 A I don't remember the individual numbers, 7 but the reason I was getting four is -- so I think 8 at the time there was a statement where if you had 9 like a junior broker, they were on one run or 10 if I had one client to myself, that was one run. 11 But then also by the time I left, I had Vince and 12 Jeremy's statements I believe coming to me too. 13 Q So here's the ones I saw, and I did 14 not do like -- no, I did do an exhaustive analysis. 15 This is what I saw. So 007 is you, right? Does 16 that sound right? 17 A What were the other numbers? 18 Q 003 is just Special, LL16 is Burns and 19 LL20 is Konrath. Those are the ones I saw coming 20 to your email inbox. 21 A Yeah, so the 007 I recall was me. 22 Q So when you get the Burns and Konrath 23 ones, I did not see overlap. I would have thought 24 with them being your junior brokers, you would have</p>	<p style="text-align: right;">Page 220</p> <p>1 A So this is an email to Steve Thompson. 2 Q And who's that, please. 3 A This was a client of mine. 4 Q All right. So Mr. Thompson is writing 5 to you in March of 2017. He says, "Hi James, could 6 you please take a minute and tell me what kind of 7 spread I have. Also, what has to happen, or not, 8 to be profitable? Trying to educate myself, Steve." 9 So you send Steve the attached charts, correct? 10 A Okay, yes. 11 Q So you say, "It is not profitable yet. 12 Option selling strategies like an iron condor do 13 not usually become profitable until the last week 14 or week and a half until expiration (few more weeks 15 of wait time)." 16 So is this something that you 17 would sort of tell customers if they asked how 18 they were doing to suggest that you couldn't tell 19 if these positions were profitable until basically 20 they expire? 21 A Not necessarily. If something was, 22 you know, really under water, like a position, there 23 was a strong move against us, we would tell that. 24 But in terms of profitability, because of the time</p>

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1 decay aspect of an option, we would usually fill  
2 them in on where the market was trading versus like  
3 where the spread's at in the market. So, for  
4 example, if it's, you know, in the middle of like  
5 where we want it to be but we still want to wait  
6 for time to come off the option premiums for profit  
7 potential to become available.

8 So typically when we updated  
9 a client, it was more of a we'd just have to wait  
10 and see until we get towards the end of the month,  
11 and then we'd wait for Tim's offset and for his  
12 update off of it.

13 Q Got it. All right. Mr. Leeney,  
14 we have no further questions at this time. We  
15 may, however, call you again to testify in this  
16 investigation. Should this be necessary, we will  
17 contact Mr. Sinclair, your counsel.

18 Mr. Leeney, do you wish to clarify  
19 anything or add anything to the statements you  
20 have made today?

21 A Yes, I would. One thing that I wanted  
22 to make sure was understood is, especially in 2017  
23 year of Long Leaf Trading Group and when results  
24 were declining more and more and that environment

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1 became more and more hostile, we did sit down  
2 with Tim, myself and Jeremy Ruth, to discuss that  
3 and to address that issue. And the reason why I  
4 stayed with Long Leaf after that meeting was because  
5 I was under the impression that Tim Evans would  
6 be changing the way that he did recommendations,  
7 be changing the way that he did business. And when  
8 it was evident to me that that was not the case,  
9 that is when I left. When it was evident to me  
10 that he was not going to change things there,  
11 that's when I left.

12 Q All right. Now, I did not see anything  
13 to sort of substantiate that in the email traffic,  
14 but if I could, that might be helpful. Can you  
15 think of any communications you sent to him or any  
16 chats that could help corroborate that?

17 A I mean, previously I would send him,  
18 you know, like just trade ideas to try to help out  
19 in that regard. But the big thing, the reason --  
20 or I wouldn't say the reason, but the big thing  
21 was when, you know, I sat down and I talked with  
22 him and, you know, that was obviously in person.

23 Q So were there any emails that you  
24 sent after the fact or any memos that you wrote

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1 to the file?

2 A Not to my knowledge, no.

3 Q You don't happen to know where Mr. Evans  
4 is these days, do you?

5 A I saw an old junior broker about six  
6 months ago on a city bus and kind of in passing he  
7 had mentioned he was in Mexico, but I'm not sure.

8 Q Have you had any, since leaving Long Leaf,  
9 communications with Mr. Evans?

10 A No, I have not.

11 Q Or his counsel?

12 A No, I have not.

13 Q How about James Donelson or his counsel?

14 A No, I have not.

15 Q Any communications with Mr. Ruth?

16 A Since leaving Long Leaf I did, but not  
17 in the past year and a half.

18 Q All right. So I should ask you again,  
19 since I kept asking questions, anything else you  
20 want to clarify or add?

21 MR. SINCLAIR: Would you explain your  
22 concern about this information possibly becoming  
23 public and what happened after this May meeting.

24 A Yeah, so yeah. One thing I wanted to see,

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1 is the information or my name on this deposition  
2 public or is that confidential?

3 BY MR. BURDEN:

4 Q So it's currently confidential and  
5 we wouldn't tell anybody about it, including other  
6 people at Long Leaf. If it proceeds to litigation,  
7 then it would be made public. We would disclose  
8 it to defendants as part of the normal discovery  
9 process, if there were defendants. If you were  
10 a defendant, you would be named and it would be --  
11 made public isn't the right way to do it. We don't  
12 release it into the world, but it's made available  
13 to --

14 A Yeah, because --

15 Q -- respondents and we use it if we have  
16 to in litigation.

17 A Because in regards to that meeting  
18 that, you know, we had referenced a few times,  
19 you know, I had concerns over Tim because he was  
20 becoming increasingly like hostile and just a very  
21 volatile person, kind of a very threatening person  
22 after that. So I didn't want him to see my name  
23 on a document and, you know, he's just an unstable  
24 guy that I don't trust.

<p style="text-align: right;">Page 225</p> <p>1 MR. SINCLAIR: Did you feel threatened 2 after this May meeting in any way by Mr. Evans? 3 THE WITNESS: Yeah, I did. That's part 4 of why I left. 5 MR. SINCLAIR: Please explain. 6 A Yeah. You know, after this May meeting 7 when, you know, we aired out like what we felt was 8 going to be fixed, you know, previously he would 9 be like a little bit more friendly with us. He was 10 very shut off, slamming things like, you know, 11 constantly yelling and just very -- became a 12 very berating atmosphere. So there was a very 13 sharp decline after that meeting, which led to 14 my departure there. So, you know, it was an 15 environment that -- I didn't want to be a part 16 of an intimidating environment like that so ... 17 BY MR. BURDEN: 18 Q I asked you this before, but I'll 19 ask it again. Did Mr. Evans ever threaten you 20 personally? 21 A Like physically threaten to like beat 22 me up or something? 23 Q Sure. 24 A Not that I recall.</p>	<p style="text-align: right;">Page 227</p> <p>1 that period. So I can't like recall exactly, 2 though. I'm sorry. 3 BY MR. BURDEN: 4 Q Anything else you wish to clarify or add? 5 A That's all. 6 MR. BURDEN: All right. We're off the 7 record, please. 8 WHICH WERE ALL THE PROCEEDINGS 9 HAD OR OFFERED AT SAID HEARING 10 OF THE ABOVE-ENTITLED CAUSE. 11 12 13 14 15 16 17 18 19 20 21 22 23 24</p>
<p style="text-align: right;">Page 226</p> <p>1 Q Any other type of threat? 2 A He would very regularly threaten 3 firing, threaten, you know, you'd better do 4 this, you'd better do that. I don't recall like 5 a physical threat. 6 Q Any other type of threat? When he 7 says you'd better do this, you'd better do that, 8 you know, the followup question is always or what. 9 Did he ever intimate what? 10 A I don't remember. 11 MR. PATRICK: Are you aware that he 12 physically threatened anybody else at the 13 office? 14 THE WITNESS: That he physically 15 threatened people, not that I'm directly 16 aware of. Like he's had some confrontations 17 that looked like they were about to get 18 physical, shouting at people, like getting 19 right up in their face, things like that. 20 MR. PATRICK: You witnessed these? 21 THE WITNESS: I'm trying to remember 22 exactly who it would have -- like who it 23 would be with. But he became like very 24 confrontational and very just volatile in</p>	<p style="text-align: right;">Page 228</p> <p>1 STATE OF ILLINOIS) 2 ) SS. 3 COUNTY OF C O O K) 4 5 I, MARY MASLOWSKI, CSR, do hereby 6 certify that I reported in shorthand the proceedings 7 had at the examination under oath aforesaid, and 8 that the foregoing is a true, complete and accurate 9 transcript of the proceedings at said examination 10 under oath as appears from the stenographic notes so 11 taken and transcribed on the 27th day of September, 12 2019. 13 14 15 16 17 18 19 20 21 22 23 24</p> <p style="text-align: right;">Certified Shorthand Reporter</p>